



European Commission —  
Taxation and customs union

# Taxation trends in the European Union

## Main results



2010 edition

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This booklet illustrates in a concise format the main findings from the 2010 edition of the report 'Taxation trends in the European Union' issued by the European Commission Directorate-General for Taxation and Customs Union and Eurostat, the Statistical Office of the European Communities. All tables and calculations are taken from this source. The report covers all EU Member States, Iceland and Norway. The full text of the report can be purchased from the Publication Office of the European Communities or be downloaded free of charge from the websites of the Directorate-General for Taxation and Customs Union or Eurostat:

[http://publications.europa.eu/index\\_en.htm](http://publications.europa.eu/index_en.htm)

<http://ec.europa.eu/taxtrends>

<http://ec.europa.eu/eurostat>

Readers interested in taxation may also find detailed information on the taxes currently in force in the Member States of the European Union in the 'Taxes in Europe' Database at the following url:

<http://ec.europa.eu/tedb>

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## GLOSSARY

BE	Belgium
BG	Bulgaria
CZ	Czech Republic
DK	Denmark
DE	Germany
EE	Estonia
IE	Ireland
EL	Greece
ES	Spain
FR	France
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom
IS	Iceland ( <i>not an EU Member State</i> )
NO	Norway ( <i>not an EU Member State</i> )
EU	European Union
EU-15	European Union (15 Member States; membership 1.1.1995 – 30.4.2004)
EU-25	European Union (25 Member States; membership 1.5.2004 – 31.12.2006)
EU-27	European Union (27 Member States; membership as from 1.1.2007)
EA-16	Euro Area (16 member countries, membership as from 1.1.2009)
CIT	Corporate Income Tax
GDP	Gross Domestic Product
ITR	Implicit Tax Rate
PIT	Personal Income Tax
SSC	Social Security Contributions
VAT	Value Added Tax
:	Not available
n.a.	Not applicable

# Main Results

## Introduction

This year's edition of the *Taxation trends in the European Union* appears two years from the start of a global recession that, in Europe, has led to the strongest slump in post-war economic history. The effects of the global economic and financial crisis have hit the EU with increasing force from the second half of 2008, which is the last year for which we possess tax revenues data with the high level of disaggregation needed for the purposes of this report. This means that our revenue data refer only to the beginning of the recession, and not to its entire development. Developments in 2008 were also marked by the circumstance that many countries still recorded satisfactory growth in the first six months of 2008, so that the year as a whole is made up of two rather uneven halves. Nevertheless, as we shall see, the recession had a clear impact on revenues already in 2008, not only on capital taxes (typically highly sensitive to the pace of growth), but also on consumption taxes, which are usually expected to be somewhat more resilient in a slowdown; in particular, consumption tax revenue shrunk more than the volume of consumption itself. The overall revenue impact was a decline by 0.4 percentage points of GDP, compared with the year before, for capital taxes, while revenue from consumption taxes contracted by 0.3 points of GDP.

The report takes stock of the wide range of tax policy measures enacted by EU governments in response to the crisis, up to spring 2010. These measures are described in detail in the full text of the report; in addition, an overview can be found in Annex A. In this edition, thanks to the input from the delegates of the Working Group on the Structures of Taxation, it was possible to quantify the budgetary impact of the most important policy measures.

We shall focus on the latest developments in the second part of this chapter, after sketching out the structural characteristics of the EU Member States' tax systems.

## The EU is a high tax area — on average

The European Union is, taken as a whole, a high tax area. In 2008, the overall tax ratio, i.e. the sum of taxes and social security contributions in the 27 Member States (EU-27) amounted to 39.3% in the GDP-weighted average, more than one third above the levels recorded in the United States and Japan. The tax level in the EU is high not only compared to those two countries but also compared to other economies in general; among the major non-European OECD members, only New Zealand has a tax ratio that exceeds 34.5% of GDP<sup>(1)</sup>. As for less developed countries, they are typically characterised by relatively low tax ratios.

The high EU overall tax ratio is not new, dating back essentially to the last third of the 20th century. In those years, the role of the public sector became more extensive, leading to a strong upward trend in the tax ratio in the 1970s, and to a lesser extent also in the 1980s and early 1990s. In the late 1990s, first the Maastricht Treaty and then the Stability and Growth Pact encouraged EU Member States to adopt a series of fiscal consolidation packages. In some Member States, the consolidation process relied primarily on restricting or scaling

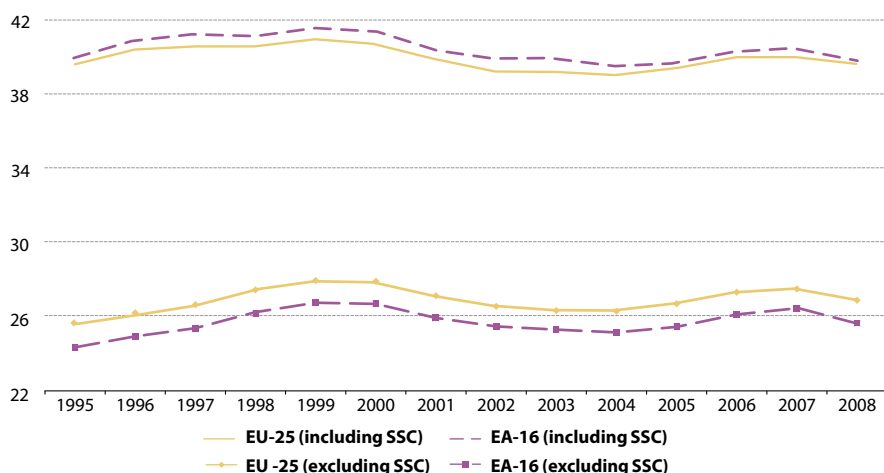
back primary public expenditures, in others the focus was rather on increasing taxes (in some cases temporarily). At the end of that decade, a number of countries took advantage of buoyant tax revenues to reduce the tax burden, through cuts in the personal income tax, social security contributions, but also in the corporate income tax.

The overall tax ratio decreased from 2000 onwards, but, on average, only for a couple of years. Owing at least partly to the need, in several countries, to reduce the general government deficit, efforts to cut taxes permanently petered out gradually. Indeed, overall tax ratios, which had been declining from 1999 to 2002, picked up again on average until 2007 (see Graph 1). Cyclical factors, however, contributed significantly to this development; growth slowed in the years immediately after 2000, reducing tax revenue, whereas from 2004 onwards, growth in the EU accelerated again; once the impact of the business cycle is stripped out, data suggest that there was no structural increase in the overall tax ratio, but rather a stagnation lasting from 2002 to 2006. The increase in the tax ratios in that period seems therefore mainly attributable to the stronger GDP growth, rather than to tax increases (see Graph 2).

Despite the high average level of the overall tax ratio, eleven Member States display ratios below the 35% mark, highlighting that differences in taxation levels across the Union are quite marked; the overall tax ratio ranges over more than twenty points of GDP, from 28.0% in Romania to 48.2% in Denmark (see Table A in Annex B). In other words, the tax burden in the highest-taxing EU Member State is over 70% higher than in the least taxing one.

These large differences of course depend mainly on social policy choices like public or private provision of services such as old age pensions, health insurance and education, on the extent of public employment, or of State activities, etc.. Technical factors also play a role: some Member States provide social or economic assistance via tax reductions rather than direct government spending, while social transfers are exempted from taxes and social security

**Graph 1: Total tax revenue**  
1995-2008, in % of GDP (GDP-weighted averages)



contributions in some Member States but not in others. It should also be highlighted that the GDP value, that constitutes the denominator of the overall tax ratio, includes estimates of production by the informal sector (the 'grey' and 'black' economy); so that not only low taxes, but also high tax evasion can result in a low overall tax ratio.

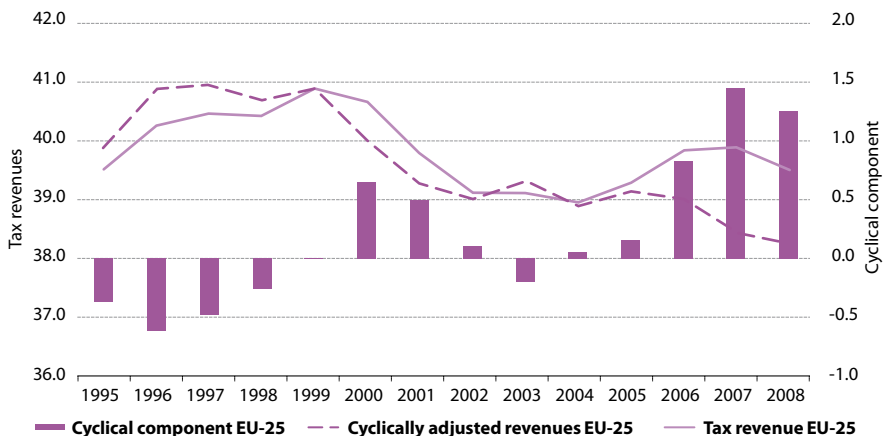
As a general rule, tax-to-GDP ratios tend to be significantly higher in the old EU-15 Member States (i.e. the 15 Member States that joined the Union before 2004) than in the 12 new Members; the first seven positions in terms of overall tax ratio are indeed occupied by old Member States (see Map 1). There are exceptions, however; for example, Ireland's and Greece's tax ratios are amongst the lowest in the EU; the Spanish overall tax ratio, having dropped by some four points in 2008, is now relatively low too, ranking just above Greece's. Consequently, since the euro area (EA-16) is mostly composed of old Member States, it shows a slightly higher overall tax ratio than the EU-27 (about half a percentage point difference in the arithmetic average).

Despite these large differences, over the last years, until 2007 the overall tax ratio tended to converge. The ratio between the standard deviation and the mean of the overall tax ratios declined from 2001 to 2007; also the gap between the highest and the lowest overall tax ratio showed a similar trend. In 2008, however, tax ratios diverged again slightly, possibly owing to the rather different extent of the slowdown within Member States.

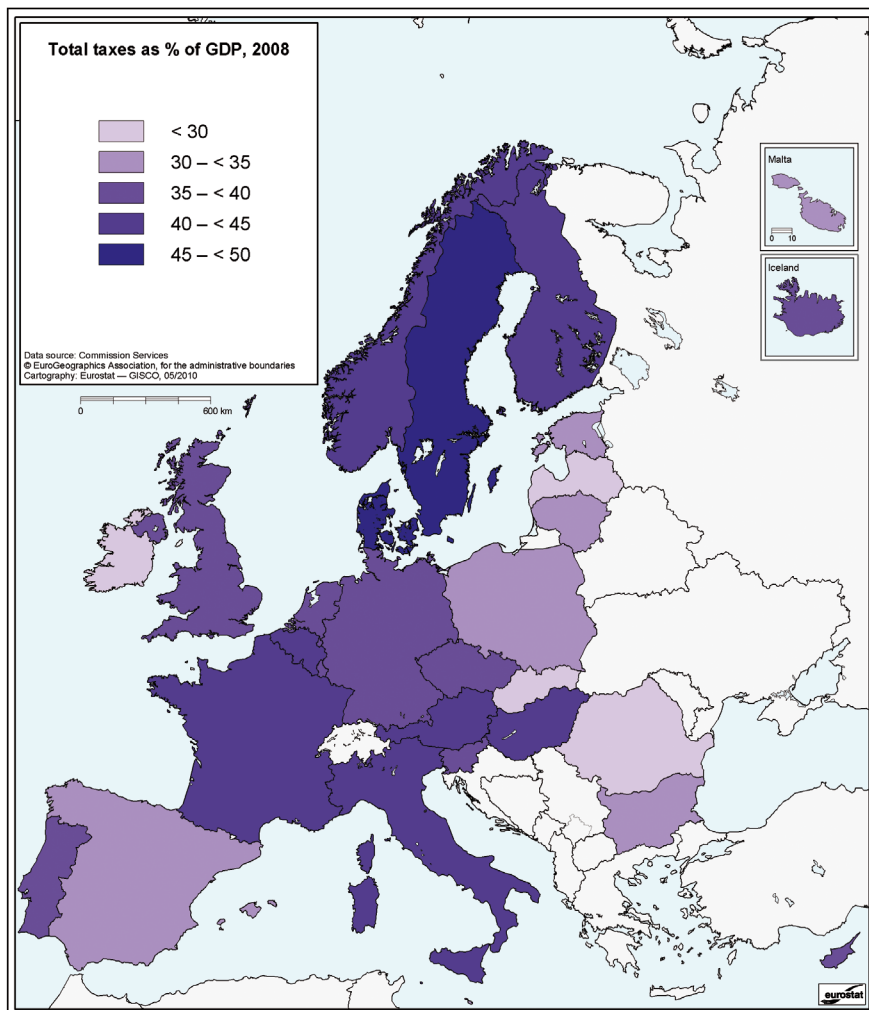
## Overall tax ratios declined markedly in 2008

In 2008, under the impact of the recession, the overall tax ratio broke with the increasing trend registered in the previous four years and posted a relatively marked decline (0.4 points of GDP). Nevertheless, this decline only brought back the ratio to its 2006 level, given that in 2007 the tax ratio had also increased by 0.4 points. In the longer term comparison, the current level of the total tax-to-GDP ratio in 2008 was slightly below the 2000 level.

**Graph 2: Cyclically adjusted tax revenues**  
1995-2008, in % of GDP



**Map 1:** Distribution of total tax burden:





In 2008, the effect of the crisis was more strongly felt on the expenditure side than on the revenue side, probably because of the adoption of spending programmes aiming to pre-empt the impact of the crisis. In all but four Member States the general government balance deteriorated, while in nine countries revenues increased from 2007 (as a share of GDP). By and large however, the year 2008 was characterised by a fairly general decline in tax revenue, with marked differences in its extent as some countries saw strong drops (e.g. Spain, Bulgaria, Cyprus, Ireland), while in most others the effect was more limited.

The growth picture deteriorated especially in the second half of 2008, so that although the real growth rate plunged by over two points, to 0.8%, in the EU-27 weighted average, several countries were still able to post fairly good average growth for the year as a whole. For instance, Romania, Bulgaria and Slovakia all recorded real GDP growth rates in excess of 6%, and one third of Member States achieved GDP growth rates greater than 2%. On the other hand, other countries were already hard hit in 2008: Latvia's, Estonia's, and Ireland's economies all contracted by 3% or more already in 2008, while in other three countries GDP shrank by a more limited extent. Given the dependence of tax revenues on growth, this differentiated picture helps explaining the increase in the divergence of the overall tax ratio in 2008. Overall, almost one third of EU Member States posted an increase in the tax ratio, another third posted a decline exceeding half a point of GDP, and the remainder showed more limited declines.

As for future trends, the spring 2010 EU Commission forecasts project the EU-27 general government revenue as a percentage of GDP, a measure that is different but closely related to the overall tax ratio, to remain well below 2008 levels (by three quarters of a point of GDP, in the weighted average), over the entire projection period until 2011, as low growth takes its toll and governments are keen to maintain favourable conditions for the recovery to restart. However, in the longer term, the accumulation of debt by Member States leads to expect that governments will strive to gradually consolidate their budgets, so that the room for tax cuts will be limited. In addition, EU general government expenditure has increased considerably: from 2007 to 2010, according to the same forecast, it has risen by more than five points of GDP, surpassing the 50% mark. The expenditure ratio is expected to start declining only in 2011.

## Weight of direct taxation typically lower in the new Member States

Taxes are traditionally classified as direct or indirect; the first group as a rule allows greater redistribution as it is impractical to introduce progressivity in indirect taxes. Therefore, the recourse to direct taxes, which are more 'visible' to the electorate, tends to be greater in the countries where tax redistribution objectives are more pronounced; this usually results also in higher top personal income tax rates. Social security contributions are, as a rule, directly linked with a right to benefits such as old age pensions or unemployment and health insurance; in theory, a strict application of actuarial equivalence would preclude redistribution, but in practice the modalities for calculating contributions and benefits allow considerable leeway in this respect and the situation is quite diversified among Member States.

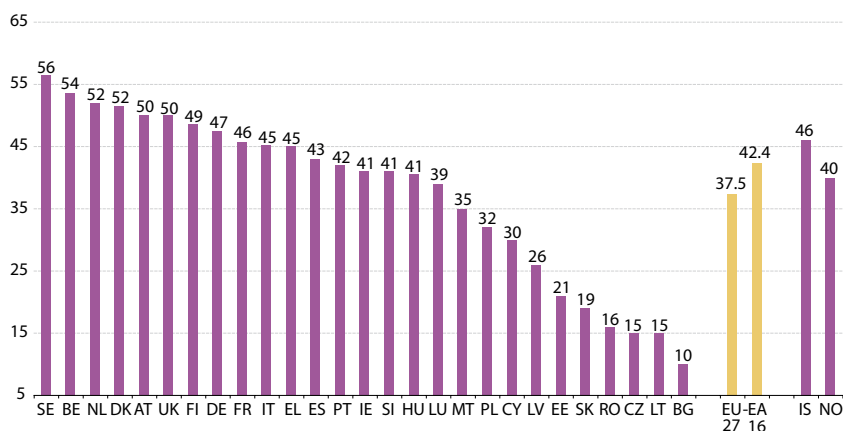
Generally, the new Member States have a different structure compared with the old Member States; in particular, while most old Member States raise roughly equal shares of revenues from direct taxes, indirect taxes, and social security contributions, the new Member States, with the notable exception of Malta, typically display a lower share of direct taxes in the total. The lowest shares of direct taxes are recorded in Bulgaria (only 21.0% of the total, still markedly up from 16.9% in 2005, Slovakia (only 22.1% of the total), and the Czech Republic (23.8%). One of the reasons for the low direct tax revenues can be found in the generally more moderate tax rates applied in the new Member States on the corporate income tax and on the personal income tax. Several of these countries have adopted flat rate systems, which typically induce a stronger reduction in direct than indirect tax rates.

Also among the old Member States (the EU-15) there are some noticeable differences. The Nordic countries as well as the United Kingdom and Ireland have relatively high shares of direct taxes in total tax revenues. In Denmark and, to a lesser extent, also in Ireland and the United Kingdom the shares of social security contributions to total tax revenues are low. There is a specific reason for the extremely low share of social security contributions in Denmark: most welfare spending is financed out of general taxation. This requires high direct tax levels and indeed the share of direct taxation to total tax revenues in Denmark is by far the highest in the Union. Among the old Member States, the German and French tax systems represent in this respect the opposite of Denmark's with high shares of social security contributions in the total tax revenues, and relatively low shares of direct tax revenues.

## Downward trend in top personal income tax rates since 1995

Currently, the top personal income tax (PIT) rate (<sup>2</sup>) amounts to 37.5%, on average, in the EU. This rate varies very substantially within the Union, ranging from a minimum of 10%

**Graph 3: Top personal income tax rate**  
2010 income, in % (rounded)

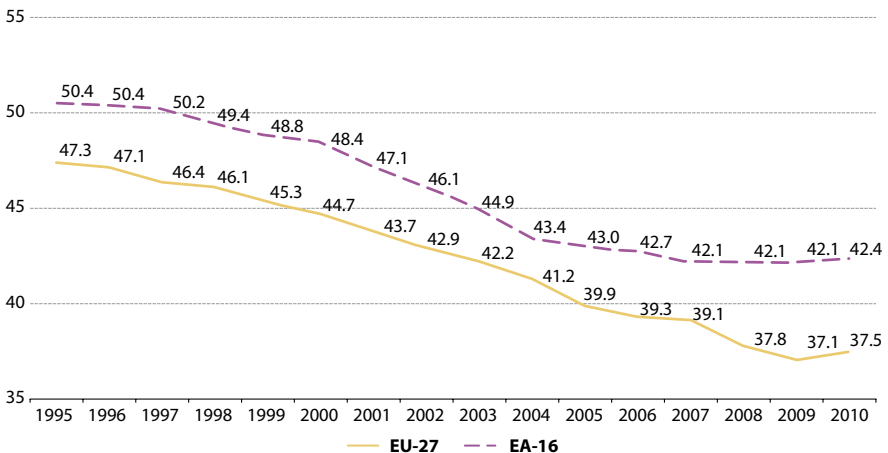


Note: Please refer to endnote 2 for details on the calculation of the rates.

in Bulgaria to a maximum of 56.4 in Sweden, as Denmark, which levied the highest PIT maximum rate until last year, has cut it to 51.5% (see Graph 3). As a rule, as has been the case in recent years, the new Member States, with the exception of Slovenia and Hungary, display below-average top rates, while the highest rates are typical of Member States with the most elevated overall tax ratios, such as the Nordic countries, although the Netherlands show the third highest top personal income rate while ranking 15<sup>th</sup> in terms of the tax ratio (excluding social security contributions). The lowest rates are found in Bulgaria, the Czech Republic and Lithuania. In the latter two the overall tax ratio (excluding SSCs) is among the lowest in the Union, which is however not really the case in Bulgaria (see Table B in Annex B).

For the first time in several years, the top PIT rate has increased, on average, in 2010, despite the sizeable Danish cut, as several EU Member States enacted increases (the UK introduced a new 50% rate, ten points higher than the previous maximum, but Greece and Latvia too hiked their top rates) (see Graph 4). It is plausible to attribute this reversal to the effect of the economic and financial crisis as until this year, there had been a clear, steady and widespread downward trend in the top rate. From 1995 to 2009, almost all EU Member States cut their top rate, with only three keeping it unchanged (Malta, Austria and The United Kingdom) and one (Portugal) increasing it slightly. Even taking into account the subsequent 0.4 average rate increase in 2010, all in all, the EU-27 average has gone down by 9.9 percentage points since 1995, accelerating after 2000 (see Table C in Annex B). The post-2000 acceleration is most noticeable in the Central and Eastern European countries, with the biggest cuts having taken place in four countries that adopted flat rate systems, Bulgaria (– 30.0 percentage points), the Czech Republic (– 17.0), Romania (– 24.0) and Slovakia (– 23.0); the acceleration was, however, visible also in the old EU Member States. One should nevertheless note that the increase in the average in 2010 is due to sizeable hikes in a small number of countries, while the overwhelming majority of Member States, including several that have been amongst the strongest hit by the crisis, have kept their top PIT rate constant.

**Graph 4: Development of top personal income tax rate**  
1995-2010, in % (arithmetic averages)



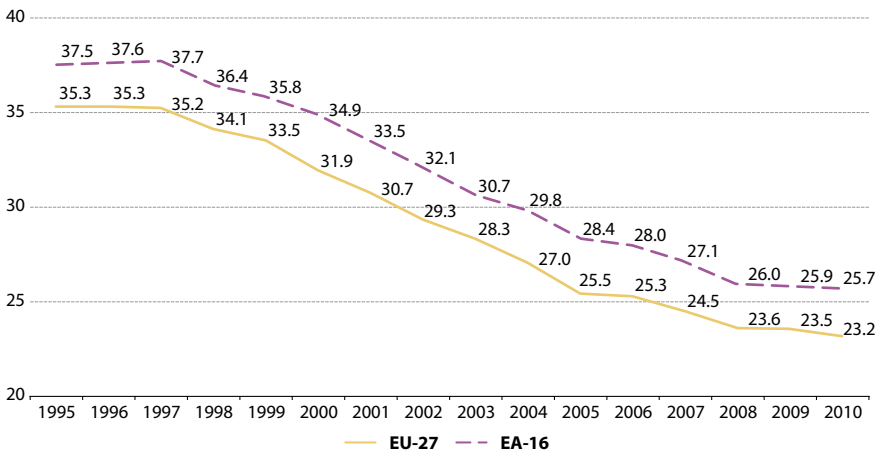
Lower PIT top rates do not necessarily imply a trend towards lower PIT revenues, because in systems with several tax brackets, the percentage of taxpayers taxed under the highest rate is typically quite limited. In addition, changes in the tax threshold can have important effects on the tax liability, even at unchanged rates; for example, in 2009, Austria increased the threshold for the top 50% bracket by around 18%, reducing the tax liability, but this is not visible when looking only at the rate. Several countries, however, have moved towards systems with fewer brackets, or to flat rate systems, which are characterised by a single PIT tax rate, so that any reduction is immediately reflected in the tax revenue. Furthermore, cuts in the top PIT rate typically do not occur in isolation, but are part of balanced packages which may include tax reductions for lower-income taxpayers or measures to offset the loss of revenue.

The Taxation Trends report for the first time this year lists those Member States that have adopted flat PIT tax systems (see Table C in Annex B) with the respective rate level and date of adoption. As of 2010, these Member States comprise Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Romania, and Slovakia. As can be seen, all flat rate systems in the EU were introduced by new Member States, the latest two being Bulgaria and the Czech Republic in 2008. All of these show a lower than average revenue from the PIT, although the distance from the EU mean value is not very marked for the three Baltic States.

## Corporate income tax rates continue their rapid decline throughout the EU

Similarly to the trend recorded for the PIT, since the second half of the 1990s, corporate income tax (CIT) rates in Europe have been cut forcefully, from a 35.3% average in 1995 to 23.2% now (see Graph 5). Unlike the case of the PIT, this trend has not been interrupted by

**Graph 5:** Development of adjusted top statutory tax rate on corporate income 1995-2010, in % (arithmetic averages)



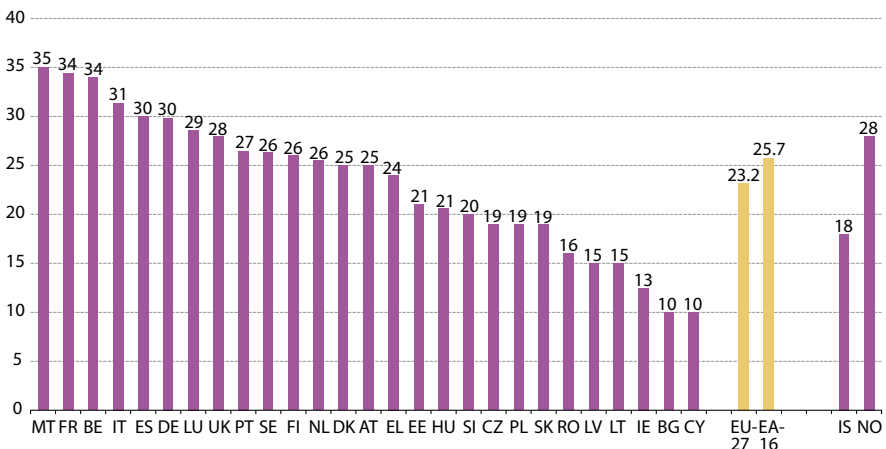
the financial crisis, on the contrary a few Member States introduced further cuts in 2010 (the Czech Republic, Greece, Lithuania, Hungary, Slovenia) and none increased them.

Although the downward trend has been quite general, corporate tax rates still vary substantially within the Union (see Graph 6). The adjusted statutory tax rate on corporate income <sup>(3)</sup> varies between a minimum of 10% (in Bulgaria and Cyprus) to a maximum of 35.0% in Malta, although the gap between the minimum and the maximum has shrunk since 1995. As in the case of the personal income tax, the lowest rates are typical of countries with low overall tax ratios; consequently, the new Member States generally figure as having low rates (with the noteworthy exception of Malta, which is also the only Member State that has not changed its CIT rate since 1995). The reverse is, however, not true: unlike the case of the personal income tax, the two Member States with the highest tax burden, Denmark and Sweden, display corporate tax rates that are not much above the average. This is linked to the adoption by these countries of Dual Income Tax systems, which by their very nature tax capital income at a moderate rate.

## Trend towards more funding to local and regional authorities continues

In 2008 about 60% of the 'ultimately received' aggregate tax revenue in the EU-27 (including social contributions) was claimed by the central or federal government, roughly 30% accrued to the social security funds, and around 10% to local government. Less than 1% of revenue accrues to the institutions of the European Union. There are considerable differences in structure from one Member State to another; for instance, some Member States are federal or grant regions a very high degree of fiscal autonomy (Belgium, Germany, Austria, Spain).

**Graph 6:** Adjusted top statutory tax rate on corporate income  
2010 income, in % (rounded)



Note: Please refer to endnote 3 for details on the calculation of the rates.

In the United Kingdom and Malta, the social security system is not separate from the central government level from an accounting viewpoint, whereas in Denmark most social security is financed through general taxation.

The share of sub-federal revenue (defined as municipalities plus the state level where it exists) varies from less than 1% to just over one third of the total. Sweden, Spain, Germany, and Belgium in particular show high shares of total taxes received by the non-central authorities. At the other end, this share is just around 1% in Greece and Cyprus, while in Malta local government does not receive directly any tax funds. As for the share of revenue accruing to social security funds, the highest values in the EU are reported by France and Slovakia. The amount of the ultimately received shares of revenue, however, is a very imperfect indicator of fiscal autonomy, as a given government level may be assigned revenue streams which it has little legal authority to increase or decrease.

In several EU Member States decentralisation has been an important feature for several years already. Accordingly, data show that the share of total tax revenue accruing to state and local government has been gradually increased.

## Consumption taxes: a long rise in most Member States was reversed by a sharp drop in 2008

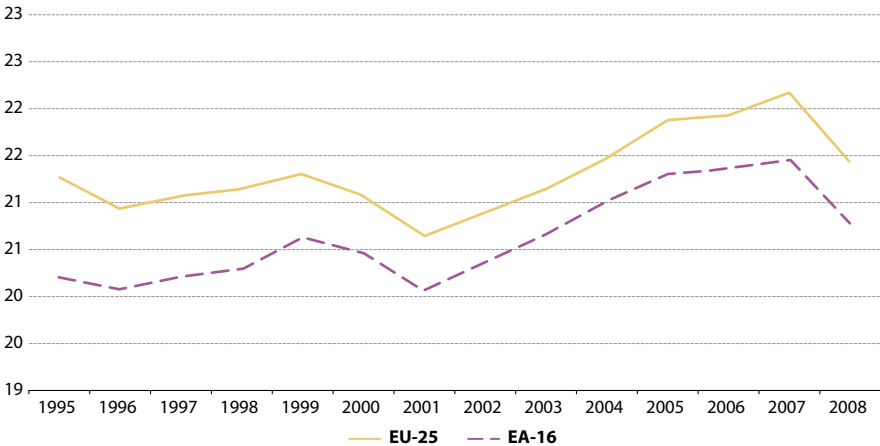
Data for the ITR on consumption, our preferred measure of the effective tax burden <sup>(4)</sup>, show that effective taxation of consumption, which had been on an uptrend since 2001, dropped sharply in 2008 (see Graph 7). The EU-27 arithmetic average declined by 0.7 percentage points that year, the sharpest fall in a single year on record. Nevertheless, given the previous relatively strong growth since 2001, the indicator still exceeds its 2000 level by 0.6 points in 2008.

The downward trend in 2008 was quite broad; compared with the year before; the ITR has fallen in 22 countries (see Table E in Annex B). In three cases (Germany, Luxembourg and Slovenia) the indicator increased very marginally, while in Austria and Sweden the increase was relatively marked, about half a percentage point in both cases. Estonia and Ireland experienced the greatest decrease at over 2.5 points.

This sharp and broad drop cannot be attributed to declines in VAT rates, as only Portugal cut rates in 2008 (VAT is the most important consumption tax), and seem therefore rather attributable to the first effects of the crisis on consumption behaviour. The extent and rapidity of this development is striking given that the ITR on consumption should arguably, by construction, show a lesser susceptibility to cyclical developments than other ITRs (it is unaffected by the corporate losses cycle and by bracket drift, at least under homothetic consumption preferences). The sharpness of the drop is therefore probably the result of a combination of factors, such as a shift in consumption patterns towards primary goods, typically subject to lower VAT rates, or involuntary inventory build-ups by businesses, which due to the severity of the downturn at the end of 2008 might have led to significant VAT refunds by tax administrations.

**Graph 7: Implicit tax rate on consumption**

1995-2008, in % (arithmetic averages - adjusted for missing data)



Although VAT yields the bulk of consumption tax revenue, a decomposition of the ITR on consumption in its constituent elements reveals that the role played by taxes other than VAT is not negligible; taxes on energy (typically, excise duties on mineral oils), and on tobacco and alcohol together make up, on average, around one quarter of the revenue from consumption taxes. The differences in consumption of excisable goods are such that their revenue effects go well beyond the spread in tax rates: in % of GDP Bulgaria raises from alcohol and tobacco excises almost six times as much revenue as the Netherlands.

The comparison between the standard VAT rate and the VAT component of the ITR on consumption also highlights the significant differences amongst Member States in the extent of exemptions (either in the form of base reductions or of reduced rates) from VAT; in some Member States, their impact on the ITR is only equivalent to a couple of percentage points, but at the other extreme the impact reaches about 10 percentage points.

### Labour taxes: slight decline since the turn of the century, but mostly concentrated in the new Member States

Despite a wide consensus on the desirability of lower taxes on labour, the levels of the ITR on labour <sup>(5)</sup> confirm the widespread difficulty in achieving this aim. Although the tax burden on labour is off the peaks reached around the turn of the century, the downward trend essentially came to a halt in the euro area as several countries witnessed increases in the last few years (see Graph 8). Unlike for the ITR on consumption, the crisis did not induce any visible reduction of the ITR on labour in 2008, possibly because of the tendency for labour markets to lag behind cyclical developments. The EU-25 average remained constant and the euro area even recorded an increase in the ITR on labour, so that the marginal (0.1 percentage

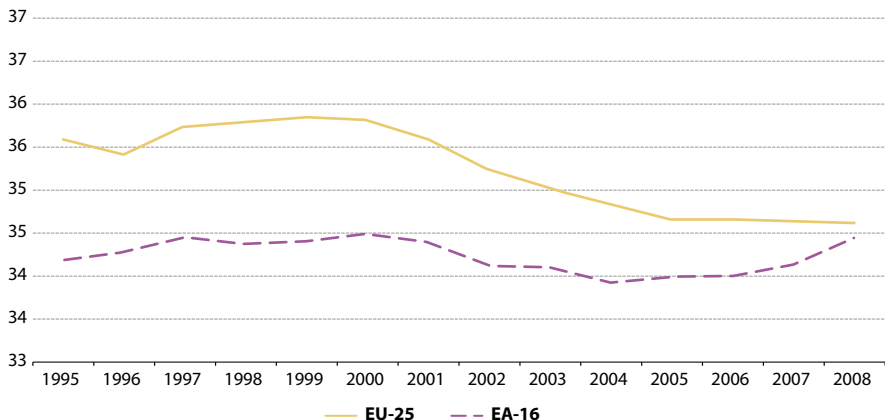
points) decline in the adjusted EU-27 average were solely due to reductions in Romania and Bulgaria (see Table F in Annex B). Overall, the ten Central and Eastern European Member States that acceded to the EU in 2004 and 2007, show a much stronger decline than the arithmetic EU-27 average: the average in these Member States has gone down by about 3.3 percentage points since 2000, while the EU-27 average decreased by only 1.7 points. As a result, the average of the new Member States is now, at 31.7%, below the EU-27 average of 34.2%; in 2000, the respective figures were 35.0% for these Member States and 35.8% for the EU-27.

Looking at a country-by-country breakdown, the highest reductions in the ITR on labour have taken place in Bulgaria, Latvia and Lithuania (all above 8 percentage points), as well as in Denmark, Estonia, Romania, Ireland, Sweden, Slovakia and Finland; it is quite interesting to note that all three Nordic Member States, which are characterised by a high overall tax ratio, have in recent years striven forcefully to bring the tax burden on labour closer to the EU average. On the other hand, the ITR increased markedly in Cyprus, Portugal and Greece, but in the first two countries the ITR remains well below the Union average. In all the other Member States the change amounted to less than 2.5 percentage points.

The lowest overall ITRs on labour are found in Malta and Cyprus. This structural aspect of their tax system might perhaps be linked to their historical ties to Britain, given that the United Kingdom, as well as Ireland, stand out for a low ITR on labour. The highest ITR on labour is recorded in Italy (at 42.8%) followed by Belgium (42.6%). It should also be noted that despite the generally lower level of overall taxation in the new Member States, this does not always apply to labour taxation as highlighted for example by Hungary (third highest ITR on labour); the Czech Republic, too, has an above-average ITR. As for the composition of labour taxation, in most Member States, social security contributions account for a greater share of labour taxes than the personal income tax. On average, about two thirds of the overall ITR on labour consists of non-wage labour costs paid by both employees and employers. Only in

### Graph 8: Implicit tax rate on labour

1995-2008, in % (arithmetic averages - adjusted for missing data)





Denmark, Ireland and the United Kingdom do personal income taxes form a relatively large part of the total charges paid on labour income, while in countries like Romania, Greece or Slovakia less than 20% of the ITR on labour consists of the personal income tax.

## Capital taxation: revenue held up well until 2008 but now set to decrease under impact of recession and rate cuts

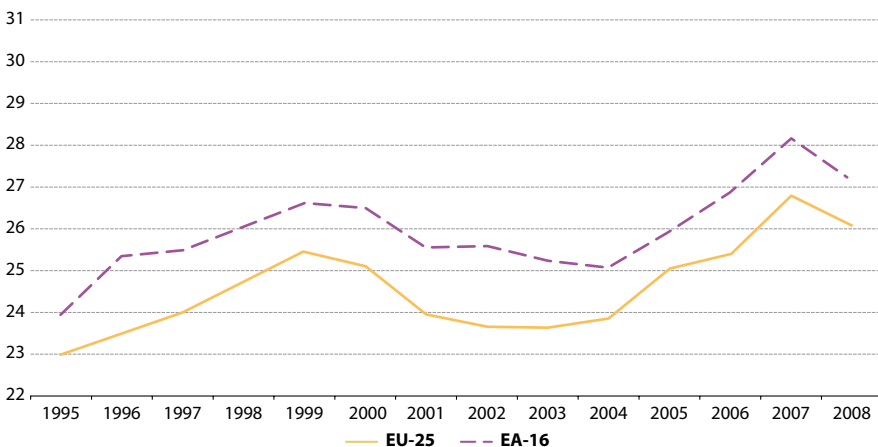
Despite the sizeable decline in rates, revenues from the corporate income tax, the most important tax on capital income, have grown steadily from 2003 to 2007 and underwent only a minor reduction in 2008, a decline of 0.2% of GDP in the EU-27 average. A broadly similar trend is visible also in other related indicators such as revenue from taxes on capital and business income taxes. The ITR on capital (%) shows a stronger decline for 2008, 0.7 points in the EU-25 average, but this level remains the second highest on record after the 2007 figure (see Graph 9).

Various factors suggest that, barring introduction of new taxes, the ITR on capital is unlikely to remain at these high levels in the next few years. First, the ITR on capital has historically been sensitive to the business cycle: the EU-25 ITR on capital reached a peak between 1999 and 2000, then declined, and picked up again, in line with the business cycle. Inevitably, given the in-built lag in CIT payments, the effects of the recession will increasingly affect the ITR already in the short term.

In addition, the strong cuts in the CIT statutory rate should increasingly translate in lower revenues. One interesting issue in this respect is how the ITR on capital could keep increasing until 2007 despite such marked drops in the statutory tax rate of the CIT, one of its main components. One explanation is simply linked with the business cycle. Furthermore,

**Graph 9: Implicit tax rate on capital**

1995-2008, in % (arithmetic averages - adjusted for missing data)



however, it seems likely that the measures to broaden the corporate tax base, which have very frequently accompanied the statutory rate cuts, have been playing an important role in sustaining the ITRs; and a series of measures taken at EU level to limit harmful tax competition may too have had an impact. Eventually, however, both factors should fade out: cyclical effects depend largely on the existence of carry-over provisions for losses incurred in previous years and on capital gains, and base broadening has its limits, suggesting that a decline will take place in the coming years. One imponderable, however, is the possibility, that, stimulated by the steep fall in corporate tax rates, which in some countries are now well below the top PIT rate, growing incorporation has been boosting CIT revenues at the expense of the personal income tax.

The absolute levels of the ITRs on capital differ widely within the EU, ranging from 45.9% in the UK to a mere 10.7% in Estonia (see Table G in Annex B). A breakdown of the ITR on capital shows that in most cases, the ITRs on capital and business income cluster around 20%; the variation in the tax burden on capital derives largely from wide differences in the taxation of capital stocks/wealth. Their proceeds are very limited in some Member States, but contribute a significant amount of revenue in several others, depending not only on the tax rates but also on the size and profitability of the capital stock. In three Member States, taxation of capital stocks/wealth yielded in 2008 more than the average revenue from the corporate income tax. In the UK and France in particular, taxation of capital stocks/wealth yields significantly more than the corporate income tax itself.

## Environmental tax revenue has been declining

The development of environmental tax revenue is currently subject to opposite forces; on the one hand, policymakers give high priority to environmental protection, a trend which may grow even stronger as attention focuses on the threat from global warming; on the other, greater reliance on policy instruments other than taxes, such as emissions trading, and growing political pressure to accommodate the strong increases in the oil price recorded in the last few years by reducing taxation of energy.

Currently, roughly one euro out of every fourteen in revenue is raised from environmental taxes. Data, however, show that, as a percentage of GDP, environmental tax revenues have been slowly declining since 2004, particularly in the euro area. This trend continued in 2008 and has recently been applying also to the majority of new Member States, where revenues from this kind of taxes had previously shown a clear progression over time. By now there is practically no difference in revenue vis-à-vis the EU-15 in this respect; one should also note that a higher energy intensity of the economy in the new Member States tends to offset lower excise rates in revenue terms.

This highlights that, in general, equal revenue does not mean equal tax rates. Countries with higher energy intensity may display the same revenue although the tax rates are lower. This is, indeed, what happens in the domain of energy taxation, which contributes some three-quarters of revenues from environmental taxes. The implicit tax rate on energy <sup>(7)</sup> shows that wide differences in the tax revenue raised per unit of energy consumed persist (the highest taxing country levies four times as much revenue per unit of energy than the least

taxing Member State), and indicates that in the weighted average, once adjusted for inflation, taxation of energy has been gradually declining (see Tables H and I in Annex B).

Since the 2009 edition, the Taxation Trends report contains a breakdown of energy taxes. The data show that in the vast majority of cases, Member States raise little revenue from energy taxes on sources other than transport fuels, such as electricity.

## The reaction of tax authorities to the global economic and financial crisis

The revenue data covered in the Taxation Trends report cover the years up to 2008, before the global economic and financial crisis spread to Europe. From the second half of 2008 onwards, however, governments have introduced a wide array of measures to support the economy or to consolidate public finances. A full budgetary analysis of these measures lies outside the scope of this report, which aims instead at giving a broad picture of the variety of measures introduced in the tax domain. Besides the more detailed country-by-country description in the main report, the main tax measures adopted by EU governments in this period are listed in a synoptic box in Annex A.

The overview in Box 1 distinguishes between generally applicable changes in the tax rate and reforms that instead leave the rate unchanged, but introduce (or restrict) tax breaks, allowances or special regimes; all these are listed as measures affecting the tax base. The box also lists the measures that result in a more (or less) favourable timing for the tax payment, as these have been a notable feature of the crisis. The more detailed listing by country in the main report gives an approximate quantification of the budgetary impact of the measures, where this was available. Finally, given the importance and range of the tax reforms decided in Greece, Box 2 describes the most recent tax measures adopted by the Hellenic government. It should be noted that as we are going to print (end May 2010), many other EU governments are planning a new round of fiscal consolidation; these measures are not considered here, but the first reports about them seem to indicate that in the majority of cases they will consist primarily of spending cuts rather than introduce new taxes or increase existing ones.

Looking at the list of measures adopted from the end of 2008 to May 2010, a number of trends stand out:

### Number and scope of measures

- Member States differed in the degree of reliance on automatic stabilisers and hence on the number and scope of the tax measures. Generally, however, governments have followed an activist stance: our table shows an average of ten important tax policy measures taken per Member State since the end of 2008, with those Member States that have been strongest affected by the crisis tending to approve a higher number of measures.

## Size of the budgetary impact

- Although the majority of the measures adopted has had an estimated budgetary impact of well below a half point of GDP, the overall impact of the adjustment has been quite high as several measures, typically those involving adjustments in the tax rate, amount to nearly one percent point of GDP or, in a few cases, even more. Reforms of the VAT, the PIT or the reforms of social security, as well as some excise rate increases, have often involved large amounts. The headline impact of a reform on the budget balance cannot, however, be taken as a measure of its importance; the microeconomic impact of a targeted measure on a specific sector can be quite high even in the absence of a large budgetary effect, as the impact is not spread over a large population. In other words, one should not confuse the budgetary implication of a measure with its economic impact. Furthermore, the quantification provided in the table is approximate and, owing to methodological differences, not exactly comparable across countries.

## Tax increases vs. tax cuts

- Within all main tax categories, both tax increases and tax cuts have been introduced over the past two years, often in the same country and sometimes even within the same tax. This is partly due to the fact that in the initial phases of the crisis, almost all governments put a greater emphasis on supporting economic activity, but in a later phase aimed at consolidation. Another explanation is that governments typically utilised the reforms as an opportunity to carry out some needed 'maintenance' of the tax system, trimming some tax breaks at the same time as they introduced new incentives.

## Choice between general rate cuts and specific tax breaks

- Changes in the statutory tax rate, given their high visibility and the fact that they affect a greater number of taxpayers, should normally have a stronger impact on agents' expectations, but typically cost more (in budgetary terms, in the case of a rate cut, and in political terms, in the case of a rate increase) than measures aiming at the tax base such as the introduction of exemptions or allowances. In addition, focusing on the tax base usually allows targeting the impact to a specific group of taxpayers. Hence, it is not surprising that measures affecting the tax base have been adopted more frequently than changes in the tax rate. Furthermore, base-narrowing measures have been most common in the PIT and CIT, because the structure of these taxes lends itself to this and also because Member States have more latitude in direct taxes than in harmonised EU taxes such as VAT or excise duties. Finally, many EU governments have introduced preferential tax regimes, including the introduction of special low rates on certain activities, which the table classifies as measures narrowing the tax base.

## Qualitative composition of measures

- Cuts dominate in corporate and personal income taxation, while increases were clearly prevalent in excise duties and VAT. In particular:
- Several countries chose to cut the **corporate income tax rate**, even though during a deep recession, this will not give an immediate benefit for the many loss-making companies. This choice seems therefore primarily linked with the wish to give a political signal on the long-term attractiveness of the country to investors. There was also considerable activity on the corporate income tax base and on special tax regimes: many Member States attempted to support business investment through measures such as more generous depreciation allowances or investment tax credits; in a few cases, the cuts were targeted towards SMEs. Several Member States have opted for granting these incentives for a limited period of time only, in order to give an immediate boost to capital spending.
- As for the **personal income tax**, one of the most common types of measure was the direct support of household spending power by reductions in the PIT. This happened more often through increases in allowances than cuts in rates, not only because of the considerations outlined above but also because an increase in allowances, having a proportionally higher impact on lower-income households, is expected to more directly boost private consumption.
- In a few cases, PIT rates were increased, but this was typically limited to higher incomes. Some countries suffering from particularly pronounced drops in GDP decided to defer previously decided PIT rate cuts.
- Surprisingly, although governments were striving to maintain or increase the employability of workers, our overview table records relatively few measures in the field of **social security contributions**, and many of them involve hikes. The net effect of this on the cost of labour is, however, unclear, as several countries have raised basic allowances or taken other measures reducing the tax burden on the low paid. At least in some cases, the apparent inaction has been linked to the desire to postpone any tightening of provisions made necessary by the deteriorating labour market situation.
- In the case of **VAT**, the situation is not clear-cut as there has been a predominance of rate increases but also a high number of measures narrowing the base. Base narrowing was in many cases linked to equity considerations, as some countries reduced the tax burden on food or necessities. Generally, however, the measures increasing the standard VAT rates have had a much larger (positive) budgetary impact than the base narrowing measures; for the cases for which we have information, the ratio is almost 5:1. Overall, therefore, given also the widespread increases in **excise duties**, one of the effects of the crisis on tax systems seems likely to be a reinforcement of the trend of the last few years towards higher consumption taxes.

## Tax fairness

- The **fairness of the tax system** has been a major concern. Several countries have introduced measures to safeguard lower incomes, usually by raising allowances or, in a few cases, by raising the top PIT rate. This seems to point towards some increase in progressivity in the coming years. Furthermore, as mentioned above, several countries have striven to shield from tax increases expenditure on food or other essentials. Focussing relief on lower-income households also has the advantage that a greater proportion of the tax break is spent immediately, supporting demand.

## Temporary vs. permanent measures

- The depth and severity of the crisis has induced several governments to introduce measures with an explicit end date, in order to encourage spending by consumers and businesses in the short term. The UK notably has made significant use of temporary measures, most notably introducing a temporary VAT reduction to boost consumer spending, but several other countries utilised extensively temporary measures, typically with the aim of encouraging investment in the construction sector or to strengthen the structural competitiveness of firms.

## Sectoral schemes

- A wide variety of measures targeting individual sectors has been introduced. In particular, several Member States tried to dampen the slump in the housing sector by granting tax reductions of various kinds; several countries took measures to support the labour-intensive restaurant or tourism sector, notably by VAT rate cuts; others adopted measures aimed at supporting stock prices or reducing inheritance taxes.

## Measures aimed at easing liquidity constraints

- A notable feature of the tax authorities' reaction to the crisis was widespread introduction of measures aiming at improving the liquidity of businesses and individuals, by stretching out the payment terms. In contrast, only very few governments have tightened up payment terms. Easier payment terms were granted most frequently on VAT, CIT and PIT.

## Concluding remarks

Given the fact that the EU is, in general, one of the most highly taxed areas in the world, one pressing issue is what lessons tax policy should learn from the global financial crisis. In theory, its well-developed welfare systems, made possible precisely by those high taxation levels, should have made Europe more resilient; in addition, heavy taxation is usually believed to take a higher toll on growth during cyclical upturns, when it contributes to factor

scarcity and exacerbates inflation, rather than in a recession, when the spending it funds should sustain demand; yet, although the crisis originated in the United States, it spread quickly to the EU and resulted in a slump of comparable proportions. Does the crisis suggest that another fiscal policy model would have been preferable? This is a question that will probably occupy economists and policymakers for some time. Indeed, although there is a fairly wide consensus that the crisis did not originate from taxation, there is little doubt that the EU will have to act decisively to face the twin challenges of financing a significantly increased government debt and the incipient retirement of the large baby-boom generation. The issue of whether tax systems could be reformed to contribute not only to speed up GDP growth but also to stabilise the economy, will be at the forefront of the policy reflection for the foreseeable future.

The main report analyses in detail the measures introduced by Member States in these last two eventful years. They vary considerably across Member States, but the substantial differences in the impact of the crisis and in Member States' budgetary and financial constraints justified a differentiated response. Nevertheless, the array of measures targeting individual sectors raise the question of whether industry-specific instruments represent an optimal response to an economy-wide slump, not to mention that such a patchwork of incentives risks being incoherent at European level.

The analysis of the measures introduced seems to point to a continuation of the recent trend towards greater reliance on consumption rather than labour or capital taxes. This would be in line with the remarkable decline in CIT rates observed since the end of the 1980s and which the statistics in this report document to be ongoing. It probably also will fuel the debate about the fairness of tax systems.

One effect of the crisis on the policy debate has been that demands for fairness have come to the forefront much more clearly than was the case even in the recent past. Public anger with profiteers and evaders, together with budgetary needs, has stimulated international cooperation on ensuring more effective taxation of portfolio investments held abroad. There is now visibly greater international consensus on information exchange, the final objective of the Savings Directive and of the Mutual Assistance Directive, which embody the EU approach in this area.

The substantial increase of tax levels incurred over the last four decades has created an understandable concern about stealth tax encroachment by governments, which helps finance levels of public expenditure that are difficult to sustain in a deep recession. In this respect, one interesting new observation contained in the report is that, as highlighted the discussion on cyclically-adjusted tax ratios, which have been included in the Taxation Trends report this year for the first time, the marked increase in the overall tax ratio between 2004 and 2007 was due rather to faster GDP growth than to revenue-raising measures. In light of the oft-repeated pledges by policymakers, about the desirability of a lower tax burden to spur European competitiveness, it is comforting that the revenue increase was not due to deliberate tax increases.

## Endnotes

- <sup>1</sup> See OECD (2009).
- <sup>2</sup> The top statutory personal income tax rate reflects the tax rate for the highest income bracket. The rates also include surcharges, state and local taxes. Adjustments have been carried for Belgium, Denmark, Germany, France, Hungary, Ireland, Italy, Luxembourg, Finland, Sweden and Norway. For details of the adjustment see the full text of the report. In most Member States the personal income tax contains several rates. However, a description of the entire rate structure goes beyond the scope of this booklet. The interested reader can find a complete description of the rate system and the brackets in force in the Member States in the 'Taxes in Europe' database on the EU website at the following url: <http://ec.europa.eu/taxtrends>. The database is accessible free of charge and updated annually.
- <sup>3</sup> Taxation of corporate income is not only conducted through the CIT, but, in some Member States, also through surcharges or even additional taxes levied on tax bases that are similar but often not identical to the CIT. In order to take these features into account, the simple CIT rate has been adjusted for comparison purposes: notably, if several rates exist, only the 'basic' (non-targeted) top rate is presented; existing surcharges and averages of local taxes are added to the standard rate. Adjustments have been carried out for Belgium, Germany, Estonia, France, Cyprus, Hungary, Ireland, Italy, Lithuania, Luxembourg and Portugal. For details see the full text of the report.
- <sup>4</sup> Implicit tax rates in general measure the effective average tax burden on different types of economic income or activities, i.e. on labour, consumption and capital, as the ratio between revenue from the tax type under consideration and its (maximum possible) base. The ITR on consumption is the ratio between the revenue from all consumption taxes and the final consumption expenditure of households.
- <sup>5</sup> The ITR on labour is calculated as the ratio of taxes and social security contributions on employed labour income to total compensation of employees.
- <sup>6</sup> The ITR on capital is the ratio between taxes on capital and aggregate capital and savings income. Specifically it includes taxes levied on the income earned from savings and investments by households and corporations and taxes, related to stocks of capital stemming from savings and investment in previous periods. The denominator of the capital ITR is an approximation of world-wide capital and business income of residents for domestic tax purposes.
- <sup>7</sup> The real ITR on energy is calculated as the ratio between total energy tax revenues and final energy consumption, deflated with the cumulative % change in the final demand deflator.



# Annexes

## Box 1: Overview of recent tax measures, by type

	<b>Corporate Income Taxation</b>		
	<b>Base or special regimes</b>	<b>Statutory rate</b>	<b>Timing (revenue effect)</b>
<b>Increase</b>	2009		
	IE, EL (2009-2013), IT, LT (2009-2011)	LT	IE
	2010		
	BE, BG, HU	HU	
<b>Decrease</b>	2009		
	AT, DE, NL, PT, RO, SE, IT, CY, PT, PL, ES (2009-2011), UK (2009-2011)	CZ, LU, SI, SE	AT, FR, DE, NL, PT, IT
	2010		
	AT, BE (2010-2011), DE, LT, NL, RO, SK	CZ, HU, LT, EL (2010-2014), SI	AT, DE, NL

	<b>Personal Income Taxation</b>		
	<b>Base or special regimes</b>	<b>Rates</b>	<b>Timing (revenue effect)</b>
<b>Increase</b>	2009		
	EL, IE, LT	EL, IE	
	2010		
	DK, EE, EL, HU, LV, PT, ES	FR, EL, LV, PT, SI, UK (*)	
<b>Decrease</b>	2009		
	AT, BE, BG, FI, DE, HU, IE, IT, LV, LU, NL, PL, PT, RO, SK, SI, ES (2008), SE	AT, FI, FR, DE, HU, LV, LT, RO	BE, DE, DK, PT
	2010		
	BG, DK, FI, DE, HU, IT, RO, SK, SI, SE	DK, FI, DE, HU	DE, DK, RO

	<b>Social Security Contributions</b>		
	<b>Base or special regimes</b>	<b>Rates</b>	<b>Timing (revenue effect)</b>
<b>Increase</b>	2009		
	EE, LT	CY, EE, RO, SK	
	2010		
	BG, CZ, LV	FI, HU	
<b>Decrease</b>	2009		
	FI	BG, CZ, HU, RO, SE	
	2010		
	FI	BG, HU, SE	

(\*) new top rate

	Value Added Taxes		
	Base or special regimes	Standard rate	Timing (revenue effect)
<b>Increase</b>	2009		
	EE, LV, LT	EE, HU, LV, LT	
	2010		
		CZ, FI, EL, ES	
<b>Decrease</b>	2009		
	BE, CY, FR, MT, RO	FI, UK (12.2008-2009)	BE, DK, FR, IT, NL, PL, PT, SK
	2010		
	BE, CY, DE, FI, HU, LT, NL, SI	IE	DK, ES, SI

	Excise Duties		
	Base or special regimes	Rates	Timing (revenue effect)
<b>Increase</b>	2009		
		EE, EL, HU, IE, LV, LT, RO, SI, ES, PT	
	2010		
	DK, FI, EL, LV	BG, DK, EE (2010, 2011), FI, EL, HU, IE, LV, PL	
<b>Decrease</b>	2009		
		IT, LT (2009-2011)	
	2010		
	BG	PL, SK	

Note: Box 1 is based on the content of Box 2 published in the main report, for which it gives a qualitative overview. Smaller-scale measures or measures with an ambiguous effect on the base have been omitted. Changes in rates applying to reduced-rate or special regimes have been attributed to the base column, as the Rate column has been reserved for general changes in standard rates. A given measure may be listed in several cells as it may impact simultaneously on the rate, base, and timing of the payment. Measures on depreciation of corporate assets have as a rule been counted as affecting both the base and the timing.

## Box 2: Tax policy measures in Greece in 2010

Following the EU Council Decision and Recommendation of 16 February 2010<sup>1</sup>, Greece has introduced a number of fiscal measures in response to the economic crisis in order to safeguard the targets of the Stability and Growth Programme. The interventions aim at correcting budgetary imbalances in order to achieve a sound and sustainable fiscal position in the medium and long term, deemed as a necessary condition to restore market confidence in the whole Greek economy. In particular, a reduction of the deficit below the reference value of 3% of GDP by 2014, from an estimated 13.6% in 2009, is envisaged; the debt-to-GDP ratio, estimated over 115 percentage points in 2009, should be placed on a downward trajectory from 2013 on.

In addition to significant expenditure cuts, focusing mainly on reducing the public sector wage bill, cutting pension outlays and operating expenditures of all ministries, a large number of revenue-raising measures have been enacted in early 2010 in the areas of both direct and indirect taxation. The Tax Bill approved by the Parliament on April 20<sup>th</sup>, which has reformed the PIT (see country chapter), has also substantially changed the real estate taxation regime. The 1% flat rate on large properties has been substituted with a progressive scale – the 1% top rate applicable above € 800 000 is increased to 2% for property values above € 5 million for a period of three years. Higher levies are introduced on Church property not used for religious, educational or charitable purposes (at the same rate as the property of legal entities) and derived income (a 20% rate is applicable); both real estate and money donations are made subject to a 5% levy. Excise duties on cigarettes and alcohol, fuel taxes and VAT rates have been increased, and excises on electricity introduced (see country chapter). Furthermore, a special levy on luxury goods has been envisaged. Taxation on inheritance, gifts and parental provisions for closest relatives has been made more progressive: four rates (instead of the previous two) are envisaged; transactions up to € 150 000 are exempted, while the top rate of 10% is applicable above € 600 000. Moreover, the taxation of company benefits to employees (e.g. company cars) is foreseen. Bonuses to business executives in banks and financial corporations are made subject to a special taxation regime with progressive rates ranging between 20% and 90%; exemption is granted to bonuses not exceeding 10% of income, for incomes up to € 60 000. Finally, the government has planned several interventions to fight tax evasion and tax avoidance, including the reorganisation and modernisation of the tax administration.

Other fiscal policy measures have been envisaged in the framework of the three-year economic and financial programme that represents the conditionality for the agreement on the financing package released by the EU and the International Monetary Fund (IMF). The total financial assistance will be of € 110 billion over three years (€ 30 billion in 2010), of which € 80 billion in bilateral loans from Euro area Member States and € 30 billion from the IMF. The draft legislation adopting the programme has been approved by the Greek Parliament on May 6<sup>th</sup>. Among the tax measures having immediate effect, a further 10% increase in the standard and reduced VAT rates, as well as in excise duties on alcohol, cigarettes and fuel has been introduced. With effect from 2011, the VAT base will be enlarged by including exempted services and by moving a significant proportion (at least 30%) of goods and services currently subject to the reduced rate to the standard rate; non-alcoholic beverages will be subject to excise duties. Other interventions to broaden the base subject to the standard rate are planned to further increase VAT revenues in 2012. The other provisions planned as from 2011 include: broadening of the base for the real estate tax through the increase of the legal value of property; phasing

in of a “green tax” on CO<sub>2</sub> emissions; the introduction of a tax of unauthorized establishments; the introduction of special levies on illegal buildings in order to regularise land use violations (to be discontinued in 2014). Additional revenues are expected from enforcing a system of presumptive taxation of professionals (0.2 percentage points of GDP in 2011) and from collecting royalties and income from licenses of gaming (0.3% of GDP in 2011). Finally, the special levy on profitable firms introduced as a temporary measure in 2009 will be prolonged further, and discontinued only in 2014.

Overall, those measures should increase revenue by an equivalent of around 4% of GDP through 2013; a contribution of further 7 percentage points of GDP is expected on the expenditure side.

<sup>1</sup> Council Recommendation to Greece of 16 February 2010 with a view to ending the inconsistency with the broad guidelines of the economic policies in Greece and removing the risk of jeopardising the proper functioning of the economic and monetary union (2010/190/EU).

**Table A: Total tax revenue (including social security contributions)**  
1995-2008, in % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	43.8	44.3	44.8	45.4	45.3	45.0	45.0	45.1	44.6	44.7	44.7	44.3	43.9	44.3
BG	:	:	:	31.2	30.6	32.5	30.9	29.6	32.2	33.1	34.0	33.2	34.2	33.3
CZ	36.2	34.7	35.0	33.3	34.0	33.8	34.0	34.8	35.7	37.4	37.1	36.7	37.2	36.1
DK	48.8	49.2	48.9	49.3	50.1	49.4	48.5	47.9	48.0	49.0	50.8	49.6	49.0	48.2
DE	39.8	40.7	40.7	40.9	41.7	41.9	40.0	39.5	39.6	38.7	38.8	39.2	39.4	39.3
EE	36.3	34.3	34.3	34.0	32.5	31.0	30.2	31.0	30.8	30.6	30.6	31.1	32.3	32.2
IE	33.1	33.1	32.4	31.7	31.9	31.6	29.8	28.5	29.0	30.3	30.8	32.3	31.4	29.3
EL	29.1	29.4	30.6	32.5	33.3	34.6	33.2	33.7	32.1	31.2	31.8	31.7	32.4	32.6
ES	32.7	33.1	33.2	33.0	33.6	33.9	33.5	33.9	33.9	34.5	35.6	36.4	37.1	33.1
FR	42.7	43.9	44.1	44.0	44.9	44.1	43.8	43.1	42.9	43.2	43.6	43.9	43.2	42.8
IT	40.1	41.8	43.7	42.5	42.5	41.8	41.5	40.9	41.3	40.6	40.4	42.0	43.1	42.8
CY	26.7	26.2	25.6	27.7	28.0	30.0	30.9	31.2	33.0	33.4	35.5	36.5	40.9	39.2
LV	33.2	30.8	32.1	33.7	32.0	29.5	28.5	28.3	28.5	28.5	29.0	30.4	30.5	28.9
LT	27.5	27.1	30.6	31.7	31.7	30.1	28.6	28.4	28.1	28.3	28.5	29.4	29.7	30.3
LU	37.1	37.6	39.3	39.4	38.3	39.1	39.8	39.3	38.1	37.3	37.6	35.6	35.7	35.6
HU	40.8	39.3	37.8	37.6	38.2	39.0	38.2	37.8	37.9	37.4	37.5	37.2	39.8	40.4
MT	26.8	25.4	27.5	25.6	27.3	28.2	30.4	31.5	31.4	32.9	33.9	33.7	34.6	34.5
NL	40.2	40.2	39.7	39.4	40.4	39.9	38.3	37.7	37.4	37.5	37.6	39.0	38.9	39.1
AT	41.4	42.9	44.4	44.4	44.0	43.2	45.3	43.9	43.8	43.4	42.3	41.9	42.2	42.8
PL	37.1	37.2	36.5	35.4	34.9	32.6	32.2	32.7	32.2	31.5	32.8	33.8	34.8	34.3
PT	32.1	32.9	33.0	33.2	34.1	34.3	33.9	34.7	34.8	34.1	35.1	35.9	36.8	36.7
RO	29.1	27.0	26.6	28.7	31.0	30.2	28.6	28.1	27.7	27.2	27.8	28.5	29.0	28.0
SI	39.2	38.1	37.0	37.8	38.2	37.5	37.7	38.0	38.2	38.3	38.6	38.3	37.8	37.3
SK	40.3	39.4	37.3	36.8	35.4	34.1	33.1	33.1	32.9	31.5	31.3	29.2	29.3	29.1
FI	45.7	47.0	46.3	46.1	45.8	47.2	44.6	44.6	44.0	43.5	44.0	43.5	43.0	43.1
SE	47.9	50.4	50.9	51.5	51.8	51.8	49.9	47.9	48.3	48.7	49.5	49.0	48.3	47.1
UK	34.7	34.4	34.8	35.9	36.2	36.7	36.4	34.9	34.7	35.1	36.0	36.8	36.5	37.3
NO	42.0	42.4	42.2	42.0	42.3	42.6	42.9	43.1	42.3	43.3	43.5	44.0	43.7	42.2
IS	33.3	34.3	34.6	34.4	36.8	37.1	35.3	35.2	36.7	37.9	40.6	41.4	40.7	36.7
<b>EU-27 average</b>														
<b>GDP-weighted</b>	:	:	:	40.3	40.8	40.6	39.7	39.0	39.0	38.9	39.2	39.7	39.7	39.3
<b>arithmetic</b>	:	:	:	37.1	37.3	37.2	36.6	36.3	36.3	36.4	36.9	37.0	37.4	37.0
<b>EA-16 average</b>														
<b>GDP-weighted</b>	39.8	40.7	41.1	41.0	41.5	41.2	40.3	39.8	39.8	39.5	39.6	40.2	40.4	39.7
<b>arithmetic</b>	36.9	37.2	37.5	37.5	37.8	37.9	37.6	37.4	37.3	37.2	37.6	37.7	38.1	37.6
<b>EU-25 average</b>														
<b>GDP-weighted</b>	39.5	40.2	40.4	40.4	40.9	40.6	39.8	39.1	39.1	38.9	39.3	39.8	39.9	39.5
<b>arithmetic</b>	37.3	37.3	37.6	37.7	37.8	37.6	37.1	36.9	36.9	36.9	37.3	37.5	37.9	37.5

**Table B: Total tax revenue (excluding social security contributions)**  
1995-2008, in % of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	29.5	30.0	30.7	31.2	31.1	31.2	30.9	30.8	30.4	30.8	31.1	30.9	30.3	30.3
BG	:	:	:	22.1	20.6	21.5	20.9	20.1	21.6	22.5	23.7	24.5	25.6	25.2
CZ	21.8	20.5	20.4	19.3	20.0	19.6	19.8	19.9	20.7	21.4	21.0	20.4	21.0	19.9
DK	47.7	48.1	47.9	48.3	48.5	47.6	46.7	46.7	46.8	47.9	49.7	48.6	48.0	47.2
DE	22.9	23.3	23.0	23.5	24.5	25.0	23.3	22.8	22.8	22.2	22.5	23.3	24.2	24.3
EE	24.0	22.7	22.9	22.8	21.5	20.1	19.6	20.0	20.2	20.2	20.4	20.8	21.5	20.4
IE	28.1	28.5	28.1	27.6	27.6	27.2	25.3	24.1	24.6	25.6	26.1	27.5	26.5	23.9
EL	19.8	19.8	20.6	22.2	23.1	24.1	22.6	22.1	20.4	20.1	20.6	20.6	20.6	20.4
ES	20.9	21.1	21.2	21.1	21.7	21.9	21.3	21.8	21.7	22.3	23.5	24.3	24.9	20.8
FR	24.2	25.3	26.0	27.9	28.6	28.0	27.7	27.0	26.5	27.0	27.3	27.5	27.0	26.6
IT	27.4	27.6	29.2	30.3	30.3	29.7	29.5	28.8	29.0	28.2	27.9	29.5	30.1	29.4
CY	20.2	19.5	18.8	20.8	21.3	23.4	24.1	24.5	26.0	25.7	27.3	28.6	33.4	31.5
LV	21.2	20.0	21.4	23.0	21.3	19.6	19.3	19.0	19.7	19.8	20.6	21.7	21.8	20.7
LT	20.4	19.5	22.2	22.7	22.5	20.7	19.7	19.7	19.6	19.9	20.4	21.0	21.1	21.3
LU	27.3	27.7	29.3	29.2	28.2	29.1	28.8	28.4	27.4	26.6	27.1	25.8	25.9	25.5
HU	26.1	25.7	23.9	24.0	25.3	26.0	25.4	25.0	25.3	25.2	24.9	24.7	26.2	26.6
MT	20.6	19.1	20.7	19.4	21.2	21.8	23.4	25.0	24.9	26.3	27.5	27.5	28.7	28.3
NL	24.3	25.0	24.6	24.5	24.8	24.5	24.7	24.5	23.6	23.6	24.6	25.0	25.3	24.6
AT	26.5	27.9	29.2	29.3	29.0	28.4	30.4	29.3	29.0	28.6	27.7	27.4	27.9	28.4
PL	25.8	25.6	24.7	23.7	21.2	19.6	18.8	19.8	19.4	19.1	20.5	21.6	22.9	23.0
PT	22.4	23.1	23.0	23.2	24.0	24.0	23.4	23.9	23.8	23.0	23.7	24.5	25.1	24.8
RO	21.0	19.5	19.6	19.6	20.0	19.1	17.7	17.4	18.2	18.1	18.2	18.8	19.3	18.7
SI	22.4	23.1	22.7	23.5	24.0	23.2	23.2	23.7	24.0	24.1	24.4	24.3	24.1	23.3
SK	25.3	23.5	22.3	21.9	21.4	20.0	18.8	18.4	19.1	18.4	18.7	17.5	17.6	17.2
FI	31.6	33.4	33.5	33.5	33.2	35.3	32.6	32.8	32.3	31.8	32.0	31.3	31.1	31.0
SE	35.7	37.1	37.9	38.5	40.4	38.6	36.2	34.5	35.2	35.9	36.7	36.9	36.1	35.9
UK	28.6	28.4	28.7	29.9	30.1	30.5	30.3	29.0	28.4	28.6	29.3	30.0	29.8	30.5
NO	32.2	32.8	32.6	31.8	32.2	33.7	33.6	33.2	32.5	33.9	34.6	35.2	34.6	33.3
IS	30.8	31.6	31.9	31.7	34.0	34.2	32.5	32.4	33.6	34.8	37.4	38.1	37.7	33.9
<b>EU-27 average</b>														
<b>GDP-weighted</b>	:	:	:	27.4	27.9	27.8	27.0	26.5	26.2	26.2	26.6	27.2	27.4	26.8
<b>arithmetic</b>	:	:	:	26.0	26.1	25.9	25.3	25.1	25.2	25.3	25.8	26.1	26.5	25.9
<b>EA-16 average</b>														
<b>GDP-weighted</b>	24.3	24.9	25.4	26.2	26.7	26.7	25.9	25.5	25.3	25.1	25.4	26.1	26.4	25.6
<b>arithmetic</b>	24.6	24.9	25.2	25.6	25.9	26.0	25.6	25.5	25.3	25.3	25.7	26.0	26.4	25.7
<b>EU-25 average</b>														
<b>GDP-weighted</b>	25.7	26.2	26.6	27.4	27.9	27.9	27.1	26.5	26.3	26.3	26.7	27.3	27.5	26.8
<b>arithmetic</b>	25.8	25.8	26.1	26.5	26.6	26.4	25.8	25.7	25.6	25.7	26.2	26.5	26.8	26.2

**Table C: Top statutory tax rate on personal income**  
1995-2010, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>BE</b>	60.6	60.6	60.6	60.6	60.6	60.6	60.1	56.4	53.7	53.7	53.7	53.7	53.7	53.7	53.7	53.7
<b>BG</b>	50.0	50.0	40.0	40.0	40.0	40.0	38.0	29.0	29.0	29.0	24.0	24.0	24.0	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>
<b>CZ</b>	43.0	40.0	40.0	40.0	40.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>
<b>DK</b>	63.5	62.0	62.9	61.4	61.1	59.7	59.6	59.8	59.8	59.0	59.0	59.0	59.0	59.0	59.0	51.5
<b>DE</b>	57.0	57.0	57.0	55.9	55.9	53.8	51.2	51.2	51.2	47.5	44.3	44.3	47.5	47.5	47.5	47.5
<b>EE</b>	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	24.0	23.0	22.0	21.0	21.0	21.0
<b>IE</b>	48.0	48.0	48.0	46.0	46.0	44.0	42.0	42.0	42.0	42.0	42.0	42.0	41.0	41.0	41.0	41.0
<b>EL</b>	45.0	45.0	45.0	45.0	45.0	45.0	42.5	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	45.0
<b>ES</b>	56.0	56.0	56.0	56.0	48.0	48.0	48.0	48.0	45.0	45.0	45.0	45.0	43.0	43.0	43.0	43.0
<b>FR</b>	59.1	59.6	57.7	59.0	59.0	59.0	58.3	57.8	54.8	53.4	53.5	45.8	45.8	45.8	45.8	45.8
<b>IT</b>	51.0	51.0	51.0	46.0	46.0	45.9	45.9	46.1	46.1	46.1	44.1	44.1	44.9	44.9	45.2	45.2
<b>CY</b>	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
<b>LV</b>	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	23.0	26.0
<b>LT</b>	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	27.0	27.0	24.0	15.0	15.0
<b>LU</b>	51.3	51.3	51.3	47.2	47.2	47.2	43.1	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0
<b>HU</b>	44.0	44.0	44.0	44.0	44.0	44.0	40.0	40.0	40.0	38.0	38.0	36.0	40.0	40.0	40.0	40.6
<b>MT</b>	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
<b>NL</b>	60.0	60.0	60.0	60.0	60.0	60.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0
<b>AT</b>	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
<b>PL</b>	45.0	45.0	44.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	32.0	32.0
<b>PT</b>	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	42.0	42.0	42.0	42.0	42.0
<b>RO</b>	40.0	40.0	40.0	48.0	40.0	40.0	40.0	40.0	40.0	40.0	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>
<b>SI</b>	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	41.0	41.0	41.0	41.0
<b>SK</b>	42.0	42.0	42.0	42.0	42.0	42.0	42.0	38.0	38.0	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>
<b>FI</b>	62.2	61.2	59.5	57.8	55.6	54.0	53.5	52.5	52.2	52.1	51.0	50.9	50.5	50.1	49.1	48.6
<b>SE</b>	61.3	61.4	54.4	56.7	53.6	51.5	53.1	55.5	54.7	56.5	56.6	56.6	56.6	56.4	56.4	56.4
<b>UK</b>	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	50.0
<b>NO</b>	41.7	41.7	41.7	41.7	41.5	47.5	47.5	47.5	47.5	47.5	43.5	40.0	40.0	40.0	40.0	40.0
<b>IS</b>	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	46.1
<b>EU-27</b>	47.3	47.1	46.4	46.1	45.3	44.7	43.7	42.9	42.2	41.2	39.9	39.3	39.1	37.8	37.1	37.5
<b>EU-25</b>	47.5	47.3	46.9	46.3	45.7	45.0	44.1	43.6	42.8	41.8	41.4	40.9	40.6	39.8	39.0	39.4
<b>EA-16</b>	50.4	50.4	50.2	49.4	48.8	48.4	47.1	46.1	44.9	43.4	43.0	42.7	42.1	42.1	42.1	42.4

Note: Figures in *italics* represent flat-rate tax; Please refer to endnote 2 for details on the calculation of the rates



**Table D: Adjusted top statutory tax rate on corporate income**  
1995-2010, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>BE</b>	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.2	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0
<b>BG</b>	40.0	40.0	40.2	37.0	34.3	32.5	28.0	23.5	23.5	19.5	15.0	15.0	10.0	10.0	10.0	10.0
<b>CZ</b>	41.0	39.0	39.0	35.0	35.0	31.0	31.0	31.0	31.0	28.0	26.0	24.0	24.0	21.0	20.0	19.0
<b>DK</b>	34.0	34.0	34.0	34.0	32.0	32.0	30.0	30.0	30.0	30.0	28.0	28.0	25.0	25.0	25.0	25.0
<b>DE</b>	56.8	56.7	56.7	56.0	51.6	51.6	38.3	38.3	39.6	38.3	38.7	38.7	38.7	29.8	29.8	29.8
<b>EE</b>	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	24.0	23.0	22.0	21.0	21.0	21.0
<b>IE</b>	40.0	38.0	36.0	32.0	28.0	24.0	20.0	16.0	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
<b>EL</b>	40.0	40.0	40.0	40.0	40.0	40.0	37.5	35.0	35.0	35.0	32.0	29.0	25.0	25.0	25.0	24.0
<b>ES</b>	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	32.5	30.0	30.0	30.0
<b>FR</b>	36.7	36.7	41.7	41.7	40.0	37.8	36.4	35.4	35.4	35.4	35.0	34.4	34.4	34.4	34.4	34.4
<b>IT</b>	52.2	53.2	53.2	41.3	41.3	41.3	40.3	40.3	38.3	37.3	37.3	37.3	37.3	31.4	31.4	31.4
<b>CY</b>	25.0	25.0	25.0	25.0	25.0	29.0	28.0	28.0	15.0	15.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>LV</b>	25.0	25.0	25.0	25.0	25.0	25.0	25.0	22.0	19.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
<b>LT</b>	29.0	29.0	29.0	29.0	29.0	24.0	24.0	15.0	15.0	15.0	15.0	19.0	18.0	15.0	20.0	15.0
<b>LU</b>	40.9	40.9	39.3	37.5	37.5	37.5	37.5	30.4	30.4	30.4	30.4	29.6	29.6	29.6	28.6	28.6
<b>HU</b>	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	17.6	17.5	17.5	21.3	21.3	21.3	20.6
<b>MT</b>	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
<b>NL</b>	35.0	35.0	35.0	35.0	35.0	35.0	35.0	34.5	34.5	34.5	31.5	29.6	25.5	25.5	25.5	25.5
<b>AT</b>	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	25.0	25.0	25.0	25.0	25.0	25.0
<b>PL</b>	40.0	40.0	38.0	36.0	34.0	30.0	28.0	28.0	27.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
<b>PT</b>	39.6	39.6	39.6	37.4	37.4	35.2	35.2	33.0	33.0	27.5	27.5	27.5	26.5	26.5	26.5	26.5
<b>RO</b>	38.0	38.0	38.0	38.0	38.0	25.0	25.0	25.0	25.0	25.0	16.0	16.0	16.0	16.0	16.0	16.0
<b>SI</b>	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	23.0	22.0	21.0	20.0
<b>SK</b>	40.0	40.0	40.0	40.0	40.0	29.0	29.0	25.0	25.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
<b>FI</b>	25.0	28.0	28.0	28.0	28.0	29.0	29.0	29.0	29.0	29.0	26.0	26.0	26.0	26.0	26.0	26.0
<b>SE</b>	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	26.3	26.3
<b>UK</b>	33.0	33.0	31.0	31.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	28.0	28.0
<b>EU-27</b>	35.3	35.3	35.2	34.1	33.5	31.9	30.7	29.3	28.3	27.0	25.5	25.3	24.5	23.6	23.5	23.2
<b>EU-25</b>	35.0	35.0	34.9	33.9	33.3	32.2	31.1	29.7	28.7	27.4	26.3	26.0	25.5	24.4	24.4	24.0
<b>EA-16</b>	37.5	37.6	37.7	36.4	35.8	34.9	33.5	32.1	30.7	29.8	28.4	28.0	27.1	26.0	25.9	25.7
<b>Non-EU countries</b>																
<b>OECD-7</b>	37.6	38.1	38.1	38.0	37.0	35.3	34.2	33.5	33.2	32.8	32.4	32.4	32.4	32.5	32.5	32.5
<b>AU</b>	33.0	36.0	36.0	36.0	36.0	34.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
<b>CA</b>	44.6	44.6	44.6	44.6	44.6	44.6	42.1	38.6	36.6	36.1	36.1	36.1	36.1	34.6	34.6	34.0
<b>CH</b>	28.5	28.5	28.5	27.5	25.1	24.9	24.7	24.4	24.1	24.1	21.3	21.3	21.3	21.3	21.3	21.3
<b>JP</b>	51.6	51.6	51.6	51.6	48.0	40.9	40.9	40.9	40.9	39.5	39.5	39.5	39.5	42.0	42.0	30.0
<b>IS</b>	33.0	33.0	33.0	33.0	30.0	30.0	30.0	18.0	18.0	18.0	18.0	18.0	18.0	15.0	15.0	18.0
<b>NO</b>	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
<b>US</b>	40.0	40.0	40.0	40.0	40.0	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.0	39.0	35.0
<b>BRIC</b>	38.9	34.9	34.9	34.9	34.0	35.9	35.4	31.7	31.9	31.7	31.9	31.2	31.2	29.2	28.2	28.2
<b>BR</b>	47.7	31.5	31.5	31.5	33.0	37.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0
<b>RU</b>	35.0	35.0	35.0	35.0	35.0	35.0	35.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	20.0	20.0
<b>IN</b>	40.0	40.0	40.0	40.0	35.0	38.5	39.6	35.7	36.8	35.9	36.6	33.7	34.0	34.0	34.0	34.0
<b>CN</b>	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	25.0	25.0	25.0

Note: Please refer to endnote 3 for details on the calculation of the rates.

**Table E: Implicit tax rates on consumption in the European Union**  
1995-2008, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	20.5	21.1	21.3	21.1	22.1	21.8	20.9	21.4	21.4	22.1	22.3	22.5	22.1	21.2
BG	:	:	:	18.8	17.6	19.7	18.9	18.7	20.6	23.2	24.4	25.5	26.6	26.4
CZ	22.1	21.2	19.4	18.6	19.7	19.4	18.9	19.3	19.6	21.8	22.2	21.2	22.1	21.1
DK	30.5	31.6	31.9	32.7	33.7	33.4	33.5	33.7	33.3	33.3	33.9	34.2	33.8	32.4
DE	18.8	18.3	18.1	18.3	19.0	18.9	18.5	18.5	18.6	18.2	18.1	18.3	19.8	19.8
EE	21.2	19.7	20.4	18.5	17.8	19.5	19.6	19.9	19.8	19.7	22.0	22.8	23.8	22.9
IE	24.8	24.7	25.2	25.4	25.7	25.7	23.8	24.7	24.5	25.7	26.3	26.5	25.6	22.9
EL	:	:	:	:	:	16.5	16.7	16.1	15.5	15.3	14.8	15.2	15.5	15.1
ES	14.2	14.4	14.6	15.3	15.9	15.7	15.2	15.4	15.8	16.0	16.3	16.3	15.9	14.1
FR	21.5	22.1	22.2	22.0	22.1	20.9	20.3	20.3	20.0	20.1	20.1	19.9	19.5	19.1
IT	17.4	17.1	17.3	17.8	18.0	17.9	17.3	17.1	16.6	16.8	16.7	17.3	17.2	16.4
CY	12.6	12.3	11.3	11.5	11.3	12.7	14.3	15.4	18.9	20.0	20.0	20.4	21.0	20.6
LV	19.4	17.9	18.9	21.1	19.5	18.7	17.5	17.4	18.6	18.5	20.2	20.1	19.6	17.5
LT	17.7	16.4	20.4	20.7	19.2	18.0	17.5	17.9	17.0	16.1	16.5	16.7	17.9	17.5
LU	21.0	20.8	21.5	21.5	22.4	23.0	22.6	22.6	23.8	25.4	26.3	26.3	27.0	27.1
HU	29.6	28.6	26.4	26.8	27.0	27.5	25.6	25.3	26.0	27.4	26.3	25.7	27.1	26.9
MT	14.8	14.0	14.8	13.8	14.8	15.9	16.5	18.1	16.5	17.5	19.7	19.9	20.3	20.0
NL	23.3	23.4	23.6	23.5	23.9	23.8	24.4	23.9	24.2	24.8	25.0	26.5	26.8	26.7
AT	20.5	21.1	22.1	22.3	22.8	22.1	22.1	22.5	22.2	22.1	21.7	21.2	21.6	22.1
PL	20.7	20.7	19.7	18.9	19.5	17.8	17.2	17.9	18.3	18.4	19.7	20.5	21.4	21.0
PT	18.7	19.1	18.9	19.6	19.7	18.9	18.9	19.4	19.5	19.3	20.3	20.6	20.1	19.1
RO	:	:	:	14.4	16.3	17.0	15.6	16.2	17.7	16.4	17.9	17.8	18.0	17.7
SI	24.6	24.1	22.9	24.4	25.1	23.5	23.0	23.9	24.0	23.9	23.6	23.8	23.8	23.9
SK	26.4	24.6	23.6	23.0	21.4	21.7	18.8	19.1	20.7	21.2	21.9	19.9	20.2	18.4
FI	27.6	27.4	29.2	29.0	29.3	28.5	27.6	27.7	28.1	27.7	27.6	27.2	26.5	26.0
SE	27.6	26.9	26.7	27.2	26.9	26.3	26.6	26.8	26.9	26.9	27.3	27.4	27.8	28.4
UK	19.6	19.6	19.5	19.2	19.4	18.9	18.6	18.5	18.7	18.7	18.1	18.0	18.0	17.6
NO	30.8	30.8	31.5	31.1	31.0	30.7	30.2	29.3	27.9	28.1	28.7	29.9	30.3	28.5
IS	28.2	28.5	28.2	27.5	28.6	27.1	25.0	25.8	26.3	27.9	29.3	30.6	29.1	26.2
<b>EU-27 average (adj.)</b>														
<b>GDP-weighted</b>	19.9	19.9	19.9	20.0	20.4	19.9	19.5	19.5	19.6	19.6	19.6	19.7	20.0	19.5
<b>arithmetic</b>	20.9	20.6	20.7	20.8	21.0	20.9	20.4	20.6	21.0	21.3	21.8	21.9	22.2	21.5
<b>EA-16 average (adj.)</b>														
<b>GDP-weighted</b>	19.4	19.3	19.4	19.6	20.0	19.6	19.2	19.2	19.1	19.1	19.1	19.4	19.6	19.1
<b>arithmetic</b>	20.2	20.1	20.2	20.3	20.6	20.5	20.1	20.4	20.7	21.0	21.3	21.4	21.4	20.8
<b>EU-25 average (adj.)</b>														
<b>GDP-weighted</b>	20.0	19.9	19.9	20.0	20.4	20.0	19.5	19.6	19.6	19.6	19.6	19.7	20.0	19.5
<b>arithmetic</b>	21.3	20.9	21.1	21.1	21.3	21.1	20.6	20.9	21.2	21.5	21.9	21.9	22.2	21.4

Note: EU averages are adjusted for missing data. For more details see Annex A and B of the *Taxation Trends* report.

**Table F:** Implicit tax rates on labour in the European Union  
1995-2008, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	43.6	43.2	43.7	44.0	43.4	43.6	43.3	43.3	43.1	43.8	43.6	42.5	42.4	42.6
BG	:	:	:	33.3	35.9	38.7	34.3	32.9	35.5	36.3	34.7	30.6	29.9	27.6
CZ	40.5	39.5	40.3	40.7	40.5	40.7	40.3	41.2	41.4	41.8	41.7	41.2	41.4	39.5
DK	40.2	40.2	40.7	38.9	40.2	41.0	40.8	38.8	38.1	37.5	37.1	37.2	36.5	36.4
DE	39.4	39.6	40.6	40.6	40.4	40.7	40.5	40.4	40.4	39.2	38.8	38.9	38.6	39.2
EE	38.6	37.8	37.6	38.9	39.3	37.8	37.3	37.8	36.9	35.8	33.8	33.6	34.0	33.7
IE	29.7	29.3	29.3	28.5	28.7	28.5	27.4	26.0	25.0	26.3	25.4	25.4	25.7	24.6
EL	:	:	:	:	:	34.5	34.6	34.4	35.0	33.7	34.4	34.8	35.9	37.0
ES	29.0	29.5	28.7	28.6	28.3	28.7	29.5	29.8	29.9	29.9	30.3	30.7	31.4	30.5
FR	41.2	41.4	41.7	42.2	42.4	42.0	41.7	41.2	41.5	41.4	41.9	41.9	41.4	41.4
IT	38.2	41.8	43.5	43.3	42.7	42.2	42.1	42.0	41.9	41.6	41.3	41.1	42.6	42.8
CY	22.1	20.8	21.1	22.5	21.8	21.5	22.8	22.2	22.7	22.7	24.5	24.1	24.0	24.5
LV	39.2	34.6	36.1	37.2	36.9	36.7	36.5	37.8	36.6	36.7	33.2	33.1	31.1	28.2
LT	34.5	35.0	38.4	38.3	38.7	41.2	40.2	38.1	36.9	36.0	34.9	33.6	33.1	33.0
LU	29.3	29.6	29.3	28.8	29.6	29.9	29.6	28.4	29.2	29.5	30.0	30.2	31.0	31.5
HU	42.3	42.1	42.5	41.8	41.9	41.4	40.9	41.2	39.3	38.3	38.4	38.8	41.0	42.4
MT	19.0	17.8	19.9	18.2	19.2	20.6	21.4	20.8	20.4	21.0	21.3	21.3	19.9	20.2
NL	34.6	33.6	32.8	33.2	34.1	34.5	30.6	30.9	31.5	31.4	31.6	34.4	34.2	35.4
AT	38.5	39.4	40.7	40.3	40.5	40.1	40.6	40.8	40.8	41.0	40.8	40.8	41.0	41.3
PL	36.8	36.3	35.9	35.6	35.8	33.6	33.2	32.4	32.7	32.7	33.8	35.4	34.0	32.8
PT	26.5	26.4	26.3	26.2	26.6	27.0	27.4	27.6	27.8	27.9	28.1	28.6	29.6	29.6
RO	:	:	:	29.9	37.3	33.5	31.0	31.2	29.6	29.0	28.1	30.1	30.2	29.5
SI	38.5	36.7	36.9	37.5	37.8	37.7	37.5	37.6	37.7	37.5	37.5	37.3	35.9	35.7
SK	38.5	39.4	38.3	38.0	37.4	36.3	37.1	36.7	36.1	34.5	32.9	30.4	31.0	33.5
FI	44.3	45.3	43.6	43.8	43.3	44.1	44.1	43.8	42.5	41.5	41.5	41.6	41.3	41.3
SE	45.2	46.5	46.8	47.8	47.0	46.0	45.1	43.8	43.9	44.0	44.2	43.8	42.5	42.1
UK	25.7	24.8	24.4	25.0	25.1	25.3	25.0	24.1	24.3	24.9	25.6	26.0	26.0	26.1
NO	38.0	38.2	38.5	38.5	38.3	38.3	38.4	38.7	39.0	39.2	38.5	37.9	37.4	36.9
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<b>EU-27 average (adj.)</b>														
GDP-weighted	36.9	37.3	37.3	37.3	37.1	36.9	36.5	36.1	36.3	36.0	36.0	36.2	36.2	36.5
arithmetic	35.3	35.1	35.4	35.5	35.9	35.8	35.4	35.0	34.8	34.7	34.4	34.4	34.3	34.2
<b>EA-16 average (adj.)</b>														
GDP-weighted	38.3	38.9	39.5	39.5	39.3	39.2	38.9	38.7	38.7	38.2	38.1	38.3	38.4	38.6
arithmetic	34.2	34.3	34.4	34.4	34.4	34.5	34.4	34.1	34.1	33.9	34.0	34.0	34.1	34.4
<b>EU-25 average (adj.)</b>														
GDP-weighted	36.9	37.3	37.3	37.4	37.1	36.9	36.6	36.2	36.3	36.0	36.1	36.3	36.3	36.6
arithmetic	35.6	35.4	35.7	35.8	35.8	35.8	35.6	35.2	35.0	34.8	34.7	34.7	34.6	34.6

Note: EU averages are adjusted for missing data. For more details see Annex A and B of the *Taxation Trends* report.

**Table G: Implicit tax rates on capital in the European Union**  
1995-2008, in %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	25.6	27.0	28.3	30.4	31.3	29.6	29.5	30.7	31.6	32.7	32.8	33.1	31.8	32.7
BG	:	:	:	:	:	:	:	:	:	12.2	:	13.9	16.9	:
CZ	26.3	22.3	23.9	20.1	21.3	20.9	22.3	23.7	24.8	24.1	22.0	21.8	22.3	21.5
DK	29.9	30.9	31.7	38.7	38.6	36.0	31.0	30.8	36.9	45.9	49.9	44.6	47.0	43.1
DE	21.8	24.9	23.8	25.1	28.3	28.4	21.9	20.3	20.3	20.5	21.5	23.4	24.5	23.1
EE	14.1	9.3	10.5	11.6	9.2	6.0	4.9	6.4	7.8	8.1	7.7	8.2	9.2	10.7
IE	:	:	:	:	:	:	:	14.9	16.8	17.9	19.5	21.2	18.6	15.7
EL	:	:	:	:	:	19.9	17.7	17.7	16.4	16.0	16.8	15.8	:	:
ES	:	:	:	:	:	29.8	28.3	30.0	30.3	32.7	36.5	40.7	43.4	32.8
FR	32.5	35.5	36.2	36.3	38.8	38.3	38.7	37.4	36.5	37.9	39.2	40.9	39.8	38.8
IT	27.4	27.8	31.4	28.8	30.5	29.5	29.0	29.1	31.5	29.8	29.5	33.8	35.3	35.3
CY	16.9	17.8	18.0	21.4	23.1	23.7	22.7	23.3	23.2	23.4	26.8	29.8	40.4	36.4
LV	20.5	15.7	17.6	22.2	19.1	11.2	11.5	9.6	8.2	8.4	9.6	11.0	14.5	16.3
LT	12.7	10.5	10.3	10.1	9.5	7.2	5.9	5.7	7.1	8.5	9.1	11.6	11.3	12.4
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:
HU	14.8	14.8	13.3	14.0	15.1	17.1	17.4	16.8	17.8	16.8	17.4	16.9	18.7	19.2
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	21.6	23.7	22.7	22.9	23.0	20.8	22.6	24.3	21.0	20.4	18.2	17.1	15.9	17.2
AT	27.1	30.0	30.0	30.3	28.7	27.7	36.2	29.6	28.6	27.6	24.7	24.9	26.3	27.3
PL	20.9	21.3	21.7	20.3	21.8	20.5	20.7	22.5	20.7	19.1	20.7	21.2	23.4	22.5
PT	21.8	24.4	27.4	28.0	30.5	33.6	31.7	33.5	32.2	28.2	29.4	31.9	35.0	38.6
RO	:	:	:	:	:	:	:	:	:	:	:	:	:	:
SI	12.7	15.5	15.0	15.8	15.3	15.7	17.5	17.4	17.0	19.0	22.1	21.9	23.6	21.6
SK	35.1	33.1	28.2	27.9	26.3	22.9	21.7	22.4	22.4	18.5	19.4	18.1	17.3	16.7
FI	28.0	30.5	31.3	32.6	32.1	36.1	25.5	27.5	25.9	26.4	26.9	23.9	26.4	28.1
SE	19.9	27.0	29.8	30.2	36.1	43.2	34.0	29.1	30.1	28.7	35.7	29.2	32.9	27.9
UK	34.6	34.2	36.1	38.4	41.8	44.7	45.6	41.6	36.9	38.3	40.5	43.1	42.9	45.9
NO	37.1	37.9	36.1	33.1	37.7	41.1	41.6	41.6	38.0	40.6	41.0	43.2	42.2	:
IS	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<b>EU-27 average (adj.)</b>														
<b>GDP-weighted</b>	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<b>arithmetic</b>	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<b>EA-16 average (adj.)</b>														
<b>GDP-weighted</b>	26.0	28.1	28.6	28.7	30.6	30.2	28.1	27.6	27.6	27.9	28.8	30.9	31.5	29.8
<b>arithmetic</b>	23.9	25.3	25.5	26.0	26.6	26.5	25.6	25.6	25.3	25.1	25.9	26.9	28.2	27.2
<b>EU-25 average (adj.)</b>														
<b>GDP-weighted</b>	26.8	28.7	29.6	30.2	32.4	32.8	31.0	29.9	29.1	29.7	30.9	32.6	33.2	31.9
<b>arithmetic</b>	23.0	23.5	24.0	24.8	25.4	25.1	24.0	23.7	23.6	23.9	25.0	25.4	26.8	26.1

Note: EU averages are adjusted for missing data. For more details see Annex A and B of the *Taxation Trends* report.

**Table H:** Nominal implicit tax rate on energy (energy tax revenues in relation to final energy consumption)  
1995-2008, Euro per tons of oil equivalent

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BE	92	91	91	91	92	92	92	97	97	109	116	115	128	115
BG	:	:	:	22	29	36	46	37	50	64	62	68	90	109
CZ	39	41	42	46	52	55	65	74	72	82	96	103	114	133
DK	200	213	218	249	284	301	316	326	325	324	316	311	310	317
DE	168	152	150	150	177	193	200	212	225	219	214	211	215	208
EE	6	13	19	31	31	32	44	46	51	63	77	87	96	105
IE	112	121	139	140	145	141	127	150	155	172	171	171	174	175
EL	158	161	157	139	132	117	118	111	111	115	116	115	125	:
ES	128	134	129	139	144	138	135	142	141	141	140	147	148	149
FR	169	167	169	170	177	173	162	179	173	178	175	180	181	:
IT	238	262	272	261	264	249	240	237	244	236	236	246	240	233
CY	26	27	26	29	32	43	61	65	125	145	146	147	148	138
LV	10	18	27	45	42	48	43	48	52	61	72	76	83	92
LT	12	16	25	39	54	58	65	76	80	78	82	83	93	102
LU	141	139	143	151	159	164	164	170	174	186	194	195	203	213
HU	59	53	62	77	79	80	82	93	97	97	101	104	119	122
MT	52	61	72	127	139	142	177	157	120	121	134	154	229	:
NL	112	111	126	131	146	154	160	164	169	180	198	214	200	221
AT	123	117	136	130	135	142	148	151	151	163	160	154	168	172
PL	21	26	28	38	48	59	67	77	72	75	96	101	121	132
PT	165	163	152	159	151	112	133	158	168	155	168	172	177	175
RO	15	14	25	36	56	58	38	37	44	51	59	67	88	79
SI	126	126	139	177	155	118	136	145	141	146	145	147	166	169
SK	30	29	32	32	33	42	37	44	59	70	77	83	96	108
FI	97	96	107	105	110	109	113	114	112	113	116	112	111	126
SE	138	169	168	173	178	182	182	195	205	209	211	218	219	219
UK	143	148	186	211	226	249	239	247	227	238	235	240	254	220
NO	151	151	170	149	157	176	176	186	181	165	185	195	197	202
IS	43	44	46	45	46	49	40	39	39	43	61	70	:	:
<b>EU-27 average (adj.)</b>														
<b>GDP-weighted</b>	158	160	168	171	184	189	186	194	193	195	194	197	200	193
<b>base-weighted</b>	139	140	148	154	167	172	170	178	178	180	181	184	189	187
<b>arithmetic</b>	96	100	106	115	121	122	126	132	135	140	145	149	159	162
<b>EA-16 average (adj.)</b>														
<b>GDP-weighted</b>	165	165	168	167	179	179	178	186	190	189	188	191	192	190
<b>base-weighted</b>	161	159	162	162	174	173	173	180	185	184	184	187	189	191
<b>arithmetic</b>	121	122	127	133	137	133	138	143	148	153	157	160	169	171
<b>EU-25 average (adj.)</b>														
<b>GDP-weighted</b>	159	160	168	172	185	190	187	195	194	196	195	198	201	194
<b>base-weighted</b>	144	145	152	158	171	175	174	182	182	184	185	188	192	191
<b>arithmetic</b>	103	106	113	122	127	128	132	139	142	147	152	155	165	167

Note: EU averages are adjusted for missing data. For more details see Annex A and B of the *Taxation Trends* report.

**Table I:** Real implicit tax rate on energy (energy tax revenues in relation to final energy consumption)

1995-2008, Euro per tons of oil equivalent, deflated with cumulative % change in final demand deflator (2000=100)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2006	2006
BE	97	96	95	95	96	92	91	95	95	104	107	103	112	97
BG	:	:	:	25	32	36	45	36	47	58	53	53	65	72
CZ	50	50	47	49	54	55	64	75	72	79	94	99	109	127
DK	219	230	230	261	296	301	309	316	314	307	290	280	273	268
DE	172	155	151	152	180	193	198	208	221	213	207	202	203	194
EE	10	17	21	33	32	32	42	43	46	56	65	69	71	71
IE	133	142	159	154	154	141	121	140	145	159	155	151	153	153
EL	206	197	181	152	142	117	114	105	102	103	100	96	102	:
ES	147	150	141	149	151	138	131	134	130	125	119	120	118	115
FR	177	173	173	173	181	173	160	174	167	169	163	163	161	:
IT	271	287	292	275	274	249	234	226	226	214	208	210	200	187
CY	30	30	29	31	33	43	60	62	117	132	128	125	123	110
LV	14	21	29	47	44	48	43	46	47	51	55	53	50	48
LT	15	18	25	39	56	58	65	77	83	80	78	74	77	79
LU	168	158	160	169	171	164	167	172	178	181	178	169	168	173
HU	111	83	83	92	88	80	77	85	86	84	87	86	98	98
MT	61	69	82	141	153	142	180	156	119	118	127	138	197	:
NL	123	120	133	138	153	154	155	158	161	169	182	193	178	190
AT	128	121	141	133	138	142	146	148	147	156	150	141	150	150
PL	35	38	35	43	51	59	65	73	67	67	84	88	101	108
PT	191	185	167	170	158	112	130	150	157	142	149	148	149	143
RO	160	98	77	77	79	58	28	22	22	23	25	26	32	26
SI	180	162	166	201	168	118	126	127	119	118	114	114	124	122
SK	40	37	38	37	37	42	35	41	53	60	65	68	77	85
FI	103	102	112	108	114	109	111	112	111	111	112	105	103	114
SE	145	177	174	178	182	182	177	187	195	199	197	200	197	190
UK	152	154	192	218	229	249	235	239	214	221	212	211	218	180
NO	189	183	201	177	178	176	173	188	178	155	162	161	159	151
IS	50	50	51	48	48	49	36	34	34	37	51	53	:	:
<b>EU-27 average (adj.)</b>														
<b>GDP-weighted</b>	171	170	175	178	189	189	183	188	184	183	177	176	175	164
<b>base-weighted</b>	156	152	157	161	172	172	167	172	169	168	165	164	165	158
<b>arithmetic</b>	117	115	117	124	128	122	123	126	127	130	130	129	134	132
<b>EA-16 average (adj.)</b>														
<b>GDP-weighted</b>	178	175	176	174	184	179	175	180	182	178	173	172	169	164
<b>base-weighted</b>	175	170	170	168	179	173	169	175	177	173	170	169	166	165
<b>arithmetic</b>	139	137	139	142	144	133	135	138	140	142	141	140	145	143
<b>EU-25 average (adj.)</b>														
<b>GDP-weighted</b>	171	170	175	178	190	190	183	189	186	184	179	177	177	166
<b>base-weighted</b>	157	155	160	165	176	175	171	176	174	172	169	168	169	162
<b>arithmetic</b>	119	119	122	130	133	128	129	134	135	137	137	136	140	139

Note: EU averages are adjusted for missing data. For more details see Annex A and B of the *Taxation Trends* report

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